

Annual Report 2016-17



THE STATE TRADING CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)



Vision

To be a leading world class trading organization, continuously diversifying and delivering excellence in all areas of its operations thereby enhancing stakeholders' value.



ANNUAL REPORT
2016-17



THE STATE TRADING CORPORATION OF INDIA LIMITED

CIN L74899DL1956GOI002674

Registered Office: Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

Tel No. 91 11 23313177, Fax: 91 11 23701123 / 23701191

E-Mail: cs@stclimited.co.in, Website: www.stclimited.co.in

BOARD OF DIRECTORS

CMD AND FUNCTIONAL DIRECTORS

Shri Rajiv Chopra, Director (Marketing) [Addl. charge of CMD w.e.f. 28.11.2016]

Shri Sanjeev Kumar Sharma, Director (Personnel) [Addl. charge of Director (Finance) w.e.f. 31.10.2016]

Shri G. Ravichandran, Director (Finance) (upto 24.08.2016)

Shri Prasanta Kumar Das, Director (Marketing)

Shri Sanjeev Kumar Gupta, Director (Marketing) (from 27.04.2016 upto 13.07.2017)

PART-TIME OFFICIAL DIRECTORS

(GOVERNMENT NOMINEES)

Shri Ajay Kumar Bhalla (upto 02.11.2016)

Shri Jitendra Kumar Dadoo

Dr. Inderjit Singh (from 10.11.2016)

PART-TIME NON-OFFICIAL DIRECTORS

(INDEPENDENT DIRECTORS)

Dr. N. Sundaradevan (from 03.08.2016)

Dr. K Rangarajan (from 03.08.2016)

Shri Sunil Trivedi (from 03.08.2016)

Shri Arvind Gupta (from 03.08.2016)

Dr. Amitabh Rajan (from 14.02.2017)

Shri Mohan Lal Pareek (from 14.02.2017)

Ms. Bharathi Magdum (from 24.03.2017)

Shri Bharatsinh P. Parmar (from 31.03.2017)

COMPANY SECRETARY

Ms. Ritu Arora

REGISTRAR & SHARE TRANSFER AGENT

MCS Shares Transfer Agent Limited

F-65, 1st Floor, Okhla Industrial Area,

Phase-I, New Delhi-110020

Tel.: 011-41406150

E-mail: admin@mcsregistrars.com

STATUTORY AUDITORS

M/s P Jain & Company
Chartered Accountants
210, Arunachal Bhawan,
19, Barakhamba Road,
New Delhi-110013

BANKERS

State Bank of India

Bank of Baroda

Canara Bank

Indian Bank

UCO Bank

Vijaya Bank

HDFC Bank

Indusind Bank

Allahabad Bank

Bank of India

Indian Overseas Bank

ICICI Bank

Syndicate Bank

Union Bank of India

ICBC Bank

SECRETARIAL AUDITORS

M/s Chandrasekaran Associates
Company Secretaries
11-F, Pocket-IV,
Mayur Vihar Phase-I
Delhi-110091



CONTENTS

1.	Directors' Report: 2016-17 along with the following Annexures:		05-09
	I	Management Discussions & Analysis Report	10-14
	II	Extract of Annual Return (MGT-9)	15-28
	III	Annual Report on CSR Activities	29-30
	IV	Report on Corporate Governance	31-44
	V	Compliance Certificate on Corporate Governance	45
	VI	Secretarial Auditors' Report & Management's Replies thereto	46-48
2.	Highlights: Ten Years at a Glance		49
3.	Standalone Financial Results	50	
	•	Independent Auditors' report	51-61
	•	Accounts for the year 2016-17	62-101
	•	Management's Replies to Statutory Auditor's Report	102-109
4.	Statement Pursuant to Section 129(3) of the Companies Act, 2013 related to subsidiary Company and Joint Ventures		110
5.	Consolidated Financial Results		111
	•	Independent Auditors' report	112-119
	•	Accounts for the year 2016-17	120-164
	•	Management's Replies to the Statutory Auditor's Report	165-172
6.	Green Initiative In Corporate Governance: Go Paperless		173

DIRECTORS' REPORT

The Board of Directors presents the 61st Annual Report on the business and operations of the Company and its Audited Statement of Accounts for the year ended March 31, 2017 together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General (CAG) of India.

FINANCIAL RESULTS

The performance of the Company during the year 2016-17 vis-à-vis the previous year is summarized in the table below:

(₹ Crore)

	2016-17	2015-16
TURNOVER		
Exports	789	1111
Imports	6382	8735
Domestic	581	633
TOTAL	7752	10479
FINANCIALS		
Profit Before Tax	(-)148	23
Profit After Tax	(-)166	18
Net Worth (Including revaluation reserve)	891	1057

OPERATIONS AND BUSINESS PERFORMANCE

During the year 2016-17, the Company achieved a total turnover of ₹7,752 crore as against ₹10,479 crore achieved in the previous year. The decline in turnover was attributable mainly to (i) non-renewal of contract for export of steel plates/coils to Iran (ii) lower allocation for import of urea by the GOI and (iii) reduced import of gold. The domestic sales of ₹581 crore achieved by the Company was the second best in past seven years.

The Company reported a net loss of ₹166 crore during the year 2016-17 due to provisions and write-offs (net of write-back) of ₹144 crore made in respect of doubtful debts.

DIVIDEND

The Board of Directors have not recommended any dividend for the year 2016-17 in view of loss of ₹166 crore suffered by the Company.

RESERVES

An amount of ₹996.79 crore was available in the Reserves and Surplus of the Company as on 1st April 2016. During the year 2016-17, write-off / provisions (net of write-back) of ₹143.73 crore were made in the accounts as a matter of prudence as against (-) ₹23.78 crore (net of write-back) in the previous year. This resulted in a net loss of ₹165.54 crore to the Company thereby bringing down the Reserves & Surplus to ₹831.25 crore as at the end of the financial year.

FOREIGN EXCHANGE EARNINGS/OUTGO

The total foreign exchange earnings of the Company by way of exports, trade margins, etc. during the year amounted to ₹742.90 crore while the foreign exchange outgo by way of imports and other expenses amounted to ₹6042.56 crore.

HUMAN RESOURCE

Manpower

STC had 671 employees on its rolls as on 31.03.2017, which included 464 managers and 207 staff.

Recruitments

During the year, the Company recruited thirty four Assistant Managers with professional qualifications in various disciplines such as finance, marketing, personnel & administration and law. In addition, lateral recruitments were made to fill four senior positions in the managerial cadre.

Industrial Relations

During the year 2016-17, the company continued to maintain harmonious industrial relations. No man days were lost. Personnel policies and welfare schemes were suitably improved/amended so as to bring them in line with the overall business interest of the company.

Recruitment of SC/ST/OBC/PWD

The Company has been implementing the Government of India directives and guidelines for SC/ST/OBC/PWD issued from time to time with regard to recruitment of SC/ST/OBC and differently abled candidates. During the year, 3 candidates belonging to PWD were recruited at the level of Assistant Managers.

Human Resource Development

With a view to harness employees potential, help them in their career progression and enhance employee productivity, 29 Management Development Programmes (MDPs) were conducted during the year on domain specific areas and behavioural/managerial skill development in which a total of 73 executives participated. Training programmes for women executives on leadership development and sexual harassment of women at workplace were also organised with a view to develop their managerial skills and sensitise them on legal issues. Dedicated In-house training programmes were conducted on Vigilance and implementation of Reservation Policy, wherein a total of 119 executives participated. Nominations were also made towards 7 training programmes on implementation & awareness of Official Language (Rajbhasha).

In all, 200 employees were imparted training during the year in domain specific areas and behavioural/managerial skill development wherein 495 man-days were dedicated.

OFFICIAL LANGUAGE

All efforts were made to promote the use of Hindi in day to day official work so as to ensure compliance of Official Language Policy of Govt. of India and the guidelines issued in this regard

from time to time. Hindi workshops were organised at regular intervals for imparting training to the employees on various aspects related to Official Language. Also, Hindi Diwas and Rajbhasha Week / Fortnight were organized across the Company. Employees doing exemplary work in Hindi were felicitated on these occasions. As a result, STC was awarded with "Rajbhasha Shield" (1st Prize) for the year 2015-16 by Ministry of Commerce for the progress made in implementation of Official Language.

VIGILANCE ACTIVITIES

With a view to ensure transparency, fair play and objectivity in the functioning of the Company, Vigilance Division of the Company followed a multi-pronged strategy by stressing on punitive, preventive and participative vigilance measures to check corruption.

Steps were taken to expedite timely completion of investigations and disciplinary proceedings as per CVC instructions. Measures were also taken for systemic improvement, particularly in the area of record management. Vigilance team inspected Branch offices at Jalandhar and Chennai. Three CTE type inspections were conducted to check the implementation of instructions and guidelines issued by the Company from time to time and identify the areas requiring improvement.

The Company observed Vigilance Awareness Week, 2016 from 31st October to 5th November, 2016. The theme of the Vigilance Awareness Week was "Public Participation in Promoting Integrity and Eradicating Corruption". The Company and all the employees signed Integrity Pledge to enlist support and commitment for upholding the highest standard of ethical conduct, honesty and integrity. Outreach activities focussing on inculcating greater awareness on corruption and anti-corruption measures were also held in colleges and schools.

Two training programmes on 'Vigilance Administration' and 'Vigilance Clearance' were organised for executives of the Company. As part of the Knowledge Management efforts, a quarterly e-newsletter "NAI DISHA" was launched to create awareness about the rules and procedures prescribed by the Company and instructions issued by CVC and Government of India from time to time.

PERFORMANCE OF SUBSIDIARY COMPANY

STCL Ltd. (Formerly, Spices Trading Corporation Limited)

In view of extraordinary losses suffered by STCL leading to erosion of its net worth and remote possibility of its turnaround, the Union Cabinet had, in August 2013, decided to wind up STCL. Accordingly, a winding up petition was filed by STCL before the Hon'ble High Court of Karnataka in November 2013 and the same continues to be pending due to objections by Banks.

At present, STCL has 13 employees including the Managing Director.

As a result of the above developments, no business operations were undertaken by STCL during the year.

The subsidiary company incurred a loss of ₹563 crore during 2016-17 mainly on account of the interest accrued on outstanding loans and had a negative net worth of ₹3904 crore as on 31.03.2017.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per the requirement of Regulation 34(2) of schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, a detailed Management Discussion and Analysis Report forming part of the Annual Report of the Company is placed at Annexure-I.

EXTRACT OF THE ANNUAL RETURN

As required under Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return pursuant to Section 92(3) of the Act is annexed to this Report at Annexure-II.

ANTI SEXUAL HARASSMENT POLICY

The Company has laid down an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received in this regard. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year, one complaint of sexual harassment was received and the findings of the same have been submitted to the Management.

RIGHT TO INFORMATION

In order to promote transparency and accountability, an appropriate mechanism has been put in place in the Company to provide information to citizens under the provisions of Right to Information (RTI) Act, 2005. For this purpose, the Company has, in line with the RTI Act, nominated Central Public Information Officers at all its Divisions at New Delhi and at Branch Offices across the country. For the convenience of public, a coordinating CPIO has also been nominated. First Appellate Authority has also been nominated for considering the appeals of information seekers against the orders of Public Information Officers.

DEPOSITS

The Company has not accepted any deposits from Public. Therefore, the requirement of Chapter V of the Companies Act, 2013 is not applicable to it.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the year, the company has not provided/given any loans, guarantees or made any investment as specified under section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 IN THE PRESCRIBED FORM

The company has not entered into any contracts or arrangements with related parties as referred to in sub-section (1) of section 188 of the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY

As per DPE guidelines & provisions of Companies Act, 2013, the budgetary allocation of CSR is based on the profitability of the company. In the year 2015-16, the Company earned profit of ₹23 crore, but due to average net loss of ₹146 crore for the last three years; the Company was not mandated to allocate CSR Funds for the financial year 2016-17.

An amount of ₹22.47 lakh was carried forward during 2016-17 from previous financial year 2015-16, out of which, an amount of ₹7 lakh was spent on ongoing project "Conservation of Jai Prakash Yantra at Jantar Mantar, New Delhi". Further, an amount of ₹0.56 lakh was spent towards completion cost of Construction of Toilet Complex undertaken by Sulabh International, Delhi.

An annual report on Company's CSR activities in prescribed format as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 is placed at Annexure -III.

PUBLIC PROCUREMENT POLICY

In pursuance of the Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012 notified by Ministry of Micro, Small and Medium Enterprises vide their Order dated 23rd March 2012, the Company had set an annual target of making a minimum 20 percent of its annual procurement of goods and services from MSEs, including 4 percent from MSEs owned by SC or ST entrepreneurs.

During the year 2016-17, the Company made procurement worth ₹1.61 crore from MSEs, which accounted for 30.55 percent of total value of annual procurement made by STC of goods produced and services rendered by MSEs. Out of this, procurement from SC/ST entrepreneur was Nil as against a sub-target of 4% and the same was due to either no SC/ST entrepreneur participating in the tender process or no SC/ST entrepreneur being declared successful in the tender process. During the year 2017-18 also, the Company shall strive to achieve the annual procurement target of 20 percent of goods and services produced/rendered by MSEs, including 4 percent from MSEs owned by SC or ST entrepreneur.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

The information required to be disclosed in accordance with the Companies (Accounts) Rules, 2015 is 'nil' as the Company is mainly engaged in trading activities.

FINANCIAL ACCOUNTING

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with all applicable Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act, 2013.

INTERNAL FINANCIAL CONTROLS

The Company has in place well-established internal financial

controls. The Company has a well-defined delegation of powers (DOP), which lays down the financial powers available to various levels of company's executives. The DOP helps facilitate faster and prudent commercial decision-making by executives at various levels.

The Company has an Internal Audit Division, supported by an outside professional Chartered Accountant firm, which conducts internal audit of company's corporate office as well as branches and suggests various preventive and corrective steps. The audit observations are periodically reviewed by the Management Audit Committee and the Audit Committee of the Board of Directors and necessary directions are issued, wherever required.

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2016-17, six meetings of the Board of Directors were held and the interval between any two Board meetings did not exceed 120 days.

DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

All the Part-time Non-official Directors (Independent Directors) have affirmed that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 for the financial year ending 31.03.2017

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION ETC.

STC being a Government company, the terms and conditions of appointment and remuneration of its whole-time functional Directors are determined by the Government through the Ministry of Commerce and Industry, the administrative Ministry of the company. The non-executive part-time official Directors (Government nominees) do not draw any remuneration or sitting fee. The part-time non-official (Independent) Directors are paid sitting fee for each Board/ Committee meeting attended by them at the rate as per provisions of the Companies Act, 2013 and as approved by the Board from time to time.

The eligibility criterion for appointment of Independent Directors is laid down by the Department of Public Enterprises of the Govt of India. The positive attributes expected to be exhibited by the Independent Directors are conveyed to them on their appointment and a declaration in the appropriate performa is obtained from them every year to confirm that they continue to qualify as Independent Director.

ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

In line with the exemption provided in the Companies Act, 2013 to the Government Companies regarding evaluation of Board and its Directors, many CPSEs requested to the Department of Public Enterprises to seek exemption in the matter on the same ground from Securities and Exchange Board of India (SEBI). Upon request and representations as received from CPSEs, the Department of Public Enterprises has written to Department of

Economic Affairs and Securities and Exchange Board of India to align the SEBI (LODR) Regulations, 2015 with the Companies Act, 2013 based on the exemptions under Companies Act, 2013 provided to the Government Companies.

RISK MANAGEMENT POLICY

A Risk Management Framework has been put in place to add objectivity to the process of risk assessment while taking a decision on accepting or rejecting a trade proposal. The Risk Management Framework measures the risk involved in a business proposal in the form of a total risk score which is weighed vis-à-vis available risk mitigation measures.

Further, the company has implemented an Anti-Fraud Policy in order to enforce controls and to aid in prevention and detection of frauds in the Company. The Policy intends to promote consistent legal and ethical organizational behaviour by assigning responsibility for the development of controls, and providing guidelines for reporting and conduct of investigations of suspected fraudulent behaviour.

HEDGING

The Company does not take exposure in volatile commodities. Generally, it makes purchases only against confirmed orders backed by appropriate margin money.

Guidelines are in place requiring forward foreign exchange cover to be taken in respect of transactions involving STC funds.

CORPORATE GOVERNANCE

The Company believes that Corporate Governance is at the root of the shareholders' value creation. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises (DPE), Govt of India, a report on Corporate Governance for the year 2016-17 forming part of this report is placed at Annexure-IV. The Company has complied with the conditions of Corporate Governance as stated in the above referred Regulations and DPE guidelines on Corporate Governance for CPSEs. Compliance certificate from the practicing Company Secretary in this regard and Management replies thereto, forming part of this report, are placed at Annexure -V.

The Company has got its Secretarial Audit for the financial year ended 31st March, 2017 conducted by practicing Company Secretaries M/s Chandrasekaran Associates and their report alongwith Management replies to the observations made by Secretarial Auditors, forming part of this Annual Report, is placed at Annexure -VI.

In line with the best practices, your Company has made available all information of interest to its investors on the Company's corporate website, namely, www.stclimited.co.in.

The Company has also put in place various policies such as:

- Whistle Blower Policy
- Web Archival Policy
- Policy on Preservation of Documents
- Policy on Materiality of Related Party Transactions and dealings with Related Party Transactions
- Policy for determination of materiality of events and

information and their disclosures.

- Policy for determining material subsidiaries.

All the policies are also available on STC's website.

The separate meeting of Independent Directors was held on 08.03.2017 at the registered office of the Company.

STATUTORY AUDITORS

M/s P. Jain & Company, Chartered Accountants were appointed as Statutory Auditors of the company for the financial year 2016-17 by the Comptroller & Auditor General of India (C&AG). Their report, along with replies of the Management, is attached and forms part of this report.

COMMENTS OF C&AG

The comments of C&AG under Section 143(6) of the Companies Act, 2013 on the accounts of the Company for the year 2016-17 are yet to be received. Hence, the comments of CAG and replies of the management thereto will be attached separately in Directors' Report as an Addendum thereto.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, in relation to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the year under review;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis for the year ended 31st March, 2017;
- (e) the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively;
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

BOARD OF DIRECTORS

Appointment

Since the last Annual General Meeting, pursuant to Office Order dated 02.11.2016 issued by the Government of India, Ministry of Commerce & Industry, Department of Commerce, Dr. Inderjit Singh, Additional Secretary, Department of Commerce, Ministry of Commerce & Industry, was appointed

as Part time Official Director on the Board of STC w.e.f. 10.11.2016.

Pursuant to Order dated 27.01.2017 of Government of India, Ministry of Commerce & Industry, Department of Commerce, the President of India has appointed Dr. Amitabh Rajan (holding DIN 05299866), Shri Mohan Lal Pareek (holding DIN 00027693), Smt. Bharathi Magdum (holding DIN 07775091) and Shri Bharatsinh Prabhatsinh Parmar (holding DIN 07781550), as part-time non-official Directors (Additional / Independent Directors) and as per provisions of the Companies Act, 2013, Dr. Amitabh Rajan and Shri Mohan Lal Pareek have been appointed as Director on the Board of the Company with effect from 14.02.2017 and Smt. Bharathi Magdum and Shri Bharatsinh Prabhatsinh Parmar w.e.f. 24.03.2017 and 31.03.2017 respectively.

As per Sections 149, 161 and other applicable provisions of the Companies Act, 2013, and Article 79(4) of the Article of Association of the company, these Directors will hold office up to the next Annual General Meeting of the Company and are eligible for appointment by the Company at that meeting as Director.

The Board welcomes all the new Directors and hopes that the Company shall immensely benefit from their rich and varied experience.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Jitendra Kumar Dadoo, AS&FA, DoC and Shri Rajiv Chopra, Director (Marketing), STC with additional charge of CMD would retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief resume of all Directors seeking appointment /re-appointment are given in the notice convening the 61st Annual General Meeting of the Company.

Cessation

Shri Ajay Kumar Bhalla, AS, DoC, who was appointed as Director w.e.f. 28.09.2015 ceased to be Director pursuant to Office Order dated 02.11.2016 issued by the Government of India, Ministry of Commerce & Industry, Department of Commerce.

The Board appreciates the efforts and valuable contribution put in and guidance provided by Shri Ajay Kumar Bhalla during his tenure as Member of the Board and Chairman of Stakeholders Committee of STC.

Shri Khaleel Rahim, Chairman & Managing Director of the Company has been placed under suspension pursuant to Order dated 18.11.2016 of Ministry of Commerce & Industry.

Pursuant to Order of Ministry of Commerce & Industry, Department of Commerce, Shri Rajiv Chopra, Director (Marketing) has been given additional charge of CMD and, similarly, Shri Sanjeev Kr. Sharma, Director (Personnel) has been given additional charge of Director (Finance).

Department of Commerce vide its Office Order dated 13.07.2017 has conveyed termination of tenure of Shri

S.K.Gupta, from the post of Director (Marketing) w.e.f. 13.07.2017.

KEY MANAGEMENT PERSONNEL

The Company has nominated its CMD, all functional Directors and Company Secretary as Key Management Personnel pursuant to Section 203 of the Companies Act, 2013.

COMMITTEES OF DIRECTORS

Pursuant to the provisions of various Sections of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have constituted various Committees of Directors like Audit Committee, Stakeholders Committee, Relationship Committee, CSR Committee, Nomination & Remuneration Committee. The composition of these committees & other details are mentioned in the Corporate Governance Report forming part of and annexed to the Directors' Report.

CODE OF CONDUCT

Pursuant to the requirements of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2016 and DPE guidelines on Corporate Governance for CPSEs, the Board Members and Senior Management Personnel have affirmed compliance to the Code of Conduct for the financial year ending 31st March 2017.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation of the continued patronage and the confidence posed by business associates and customers during the year.

The Board expresses its gratitude for the continued co-operation and support provided by the Ministry of Commerce and Industry, other Ministries and Departments of the Government of India, various state governments, financial institutions, banks, railways, ports, regulatory and statutory authorities, shareholders, legal advisers and consultants from time to time.

The Board also acknowledges the constructive suggestions received from Comptroller & Auditor General of India, Statutory Auditors and Internal Auditors.

Last but not the least, the Board places on records its appreciation for the hard work and dedication of all the employees.

For and on behalf of the Board of Directors
Sd/-

(Rajiv Chopra)
Chairman & Managing Director
(Additional Charge)

DIN: 06466326

New Delhi

Date: 30.08.2017

MANAGEMENT DISCUSSION & ANALYSIS REPORT

WORLD ECONOMIC OVERVIEW

Global growth in 2016 is estimated at a post-crisis low of 2.3 percent and is projected to rise to 2.7 percent in 2017. Growth in emerging market and developing economies (EMDEs) is expected to pick up in 2017, reflecting receding obstacles to activity in commodity export and continued solid domestic demand in commodity import. Weak investment and productivity growth are, however, weighing on medium-term prospects across many EMDEs. Downside risks to global growth include increasing policy uncertainty in major advanced economies and some EMDEs; financial market disruptions; and weakening potential growth. However, fiscal stimulus and other growth-enhancing policies in key major economies, in particular, the United States could lead to stronger-than-expected activity and thus represent a substantial upside risk to the outlook. In view of limited room for macroeconomic policy to absorb further adverse shocks, as well as subdued growth prospects, structural reforms that boost potential growth remain a priority.

Growth in the United States slowed markedly, from 2.6 percent in 2015 to an estimated 1.6 percent in 2016, 0.3 percentage point below previous projections. The U.S. economy was held back in 2016 by soft exports, a continued decline in inventories, and a deceleration in private investment. The U.S. economy is projected to expand at a faster pace in 2017 and 2018, with growth forecast at 2.3 and 2.5 percent, respectively.

Euro Area growth slowed from 2 percent in 2015 to 1.6 percent in 2016, as both domestic demand and exports lost momentum. Confidence in the Euro Area has been resilient following the United Kingdom's vote to exit the European Union (EU) in June 2016. Uncertainty about the Brexit process is expected to weigh on growth in 2017-18 in the United Kingdom and, to a lesser extent, in the Euro Area. Growth in the Euro Area in 2017 is projected to slow marginally to 1.5 percent, as the unwinding of the income boost associated with lower oil prices, increased policy uncertainties, and lingering banking sector concerns offset the benefit of more favorable financial conditions. Growth is expected to remain broadly stable in 2018 and 2019, at 1.4 percent, leading to a very gradual narrowing of the output gap. Output in the euro area is expected to grow by 1.7 percent in 2017 and 1.6 percent in 2018. Growth is forecast to soften in Germany, Italy, and Spain, but to increase modestly in France. The medium-term outlook for the euro area as a whole remains dim, as projected potential growth is held back by weak productivity, adverse demographics, and, in some countries, unresolved legacy problems of public and private debt overhang, with a high level of nonperforming loans.

Growth in China is estimated to have slightly decelerated to 6.7 percent in 2016. As part of ongoing economic rebalancing, growth has been concentrated primarily in services, while industrial production has stabilized at moderate levels. During 2016, the Yuan depreciated around 7 percent against the U.S. dollar and around 5 percent in nominal trade-weighted terms. Moderate growth of China is projected to 6.5 percent in 2017 and to 6.3 percent in 2018-19, reflecting soft external demand, heightened uncertainty about global trade prospects, and, critically, slower private investment. Macroeconomic policies are expected to continue supporting activity to help smooth the adjustment of output in overcapacity sectors.

Growth in commodity export for 2016 is estimated at 0.3 percent. Improved performance in some large EMDE exporter including a more rapid bottoming out in the Russian Federation and an easing in the pace of contraction in Brazil and an increase in commodity prices from their early-2016 lows offset additional weakness in other exporters, most notably in Sub-Saharan Africa. Meanwhile, commodity imports are estimated to have grown 5.6 percent, reflecting resilient domestic demand, low commodity prices, and generally accommodative macroeconomic policies.

EMDE growth is expected to accelerate to 4.2 percent in 2017 and to an average of 4.7 percent in 2018-19. EMDEs are forecast to contribute 1.6 percentage points to global growth in 2017, accounting for about 60 percent of global growth for the first time since 2013. Within the broader group of EMDEs, growth in low-income countries (LICs) is estimated to have decelerated slightly to 4.7 percent in 2016. Some oil and metal exporters slowed sharply, as they continue to struggle to adjust to low commodity prices. In addition, a number of LICs faced domestic headwinds, including droughts, political tensions, and security challenges. However, many commodity-importing LICs continued to grow solidly. External and domestic conditions should improve gradually, with LICs growth rebounding to 5.6 percent in 2017 and reaching 6.1 percent by 2019.

Global trade is estimated to have grown by 2.2 percent in 2016 in volume terms, the slowest pace since 2009, and below the 2.4 growth rate of world GDP at market exchange rates. After declining to about ¼ percent in 2015, trade growth in emerging market and developing economies showed some signs of recovery, rising to an estimated 2.2 percent in 2016. This recovery was underpinned by stronger trade growth in China and India as well as in Russia and the Commonwealth of Independent States, where the contraction in imports moderated from the dramatic pace in 2015. Trade growth is projected to increase further in 2017-18, as a gradual recovery in investment by commodity exporters boosts import growth. As

a result, global trade is projected to grow at a rate of close to 4 percent in 2017-18.

OVERVIEW OF INDIAN ECONOMY

The macro-economic stability of the Indian economy improved in the first half of the year 2016-17, weathering global headwinds. Economic growth remained robust, current account balance improved despite continuing sluggishness in global demand, fiscal trends remained attuned to the consolidation plans and inflation remained broadly within the corridor. Economic growth was supported by good monsoon rains and better crop production

As per the Estimates released by the Central Statistics Office, the economy is estimated to grow at 7.1 per cent in 2016-17, as compared to the growth of 7.6 per cent achieved in 2015-16. The growth in agriculture, industry and services is estimated at 4.1 per cent, 5.2 per cent and 8.8 per cent respectively in 2016-17 as opposed to 1.2 per cent, 7.4 per cent and 8.9 per cent respectively in 2015-16. Growth rate of industry sector declined in 2016-17 mainly on account of contraction in mining & quarrying and moderation of growth in manufacturing sector. It was the services sector, led by public administration, defence and other services that resulted in the overall GVA growth rate of 7.0 per cent in 2016-17. From the demand angle, the expansion in government final consumption expenditure has been the major driver of growth.

The World Bank has also decelerated India's growth for 2016-17 fiscal to a "still robust" 7 percent from its previous estimate of 7.6 percent due to demonetisation, but asserted that India would regain momentum in the following years with 7.6 percent and 7.8 percent growth.

The growth in fixed investment at constant prices declined from 3.9 per cent in 2015-16 to (-) 0.2 per cent in 2016-17.

The Eight Core Industries comprise nearly 38 percent of the weight of items included in the Index of Industrial Production (IIP). The combined Index of Eight Core Industries was 5.0 percent higher in March 2017 compared to the index of March, 2016. Its cumulative growth during 2016-17 was 4.5 percent. Coal production increased by 10.0 percent in March, 2017 over March, 2016. Crude Oil production increased by 0.9 percent in March, 2017 over March, 2016. Fertilizer production (weight: 1.25 per cent) declined by 0.8 percent in March, 2017 over March, 2016. Steel production increased by 11.0 percent in March, 2017 over March, 2016. Electricity generation increased by 5.9 percent in March, 2017 over March, 2016.

In 2016-17, value of India's exports was US\$ 274.64 billion as against US\$ 262.29 billion registering a positive growth of 4.71 percent over the previous year. Non-petroleum and Non Gems & Jewellery exports during 2016-17 were valued at US\$

200.55 billion as compared to US\$ 192.42 billion for the corresponding period in previous year, an increase of 4.2%. Imports for 2016-17 was US\$ 380.36 billion as against US\$ 381.01 billion registering a negative growth of 0.17 per cent over the last year. Oil imports during 2016-17 were valued at US\$ 86.45 billion which was 4.24 per cent higher than the oil imports of US\$ 82.94 billion in the corresponding previous year. Non-oil imports during 2016-17 were valued at US\$ 293.90 billion which was 1.39 per cent lower than the level of such imports valued at US\$ 298.06 billion in 2015-16.

The trade deficit for 2016-17 was estimated at US\$ 105.72 billion which was 10.95 percent lower than the deficit of US\$ 118.71 billion in 2015-16. Overall the trade balance has improved.

According to Department of Industrial Policy and Promotion (DIPP), the total FDI investments India received during 2016-17 rose 8 per cent year-on-year to US\$ 60.08 billion, indicating that government's effort to improve ease of doing business and relaxation in FDI norms is yielding results. Data for 2016-17 indicates that the services sector attracted the highest FDI equity inflow of US\$ 8.69 billion, followed by telecommunications - US\$ 5.56 billion, and computer software and hardware - US\$ 3.65 billion. Most recently, the total FDI equity inflows for the month of March 2017 touched US\$ 2.45 billion. During 2016-17, India received the maximum FDI equity inflows from Mauritius (US\$ 15.73 billion), followed by Singapore (US\$ 8.71 billion), Japan (US\$ 4.71 billion), Netherlands (US\$ 3.37 billion), and USA (US\$ 2.38 billion).

OPPORTUNITIES AND THREATS

Uncertainty surrounding global growth projections has increased and risks continue to be tilted to the downside. This reflects the possibility of a prolonged period of heightened policy uncertainty following recent electoral outcomes in key major economies, mounting protectionist tendencies, and potential financial market disruptions associated with sharp changes in borrowing costs or exchange rate movements. Weakening potential growth could further erode EMDEs' ability to absorb negative shocks. However, significant fiscal stimulus in major economies in particular, the United States could support a more rapid recovery in global activity in the near term than currently projected, and thus represents a substantial upside risk to the outlook.

Baseline forecasts envisage that global growth will pick up from 2.3 percent in 2016 to 2.7 percent in 2017. While these projections represent the latest of a series of downgrades over recent forecast exercises, revisions are less pronounced than in the past. There is, however, substantial uncertainty around these forecasts, which has been heightened by recent political developments in particular, electoral outcomes in the United States and the United Kingdom.

Policy uncertainty has increased notably, amid elections or referendums in countries accounting for close to 50 percent of global GDP in 2016 and more than 25 percent of GDP in 2017. In advanced economies, the outcome of the Brexit vote in the United Kingdom and of the elections in the United States has led to heightened uncertainty about future policy direction, particularly regarding trade, which could continue to intensify in 2017. Rising within-country income inequality during the period of rapid globalization, as well as stagnant real median wages, has fuelled an intense debate about the benefits of trade liberalization and immigration in advanced economies.

EMDE regions with substantial numbers of commodity-importing economies-East Asia and the Pacific, and South Asia are projected to experience solid growth. In contrast, the outlook for EMDE regions with large numbers of commodity exporters is mixed. Growth in Latin America and the Caribbean, and in Europe and Central Asia, is expected to accelerate in 2017, mainly reflecting a bottoming out in activity in Brazil and Russia.

The prospects for Indian economy for the year 2017-18 need to be assessed in the light of emerging global and domestic developments. Indications are that global economic growth is gradually picking up. This augers well for Indian exports which are highly responsive to the dynamics of global economic activity. On the other hand, the increasing global prices of oil and other key commodities may exercise an upward pressure on the value of imports. Uncertainty on account of significant external political developments, global interest rate behaviour and capital flows pose potential downsides. Domestic demand is expected to get a boost from accommodative monetary policy and the unleashing of domestic trade and consumption as the economy gets remonetised to the required levels. On balance, and, in line with the projections for strengthening of India's growth by multi-lateral institutions, the nominal growth of the economy is expected to be 11.75 percent in the financial year 2017-18.

STC shall endeavour to make good use of every business opportunity coming its way to contribute to the projected growth in India's exports and overall share in world trade.

STC's PERFORMANCE

The total turnover of the company declined from ₹10479 crore in 2015-16 to ₹7752 crore in 2016-17. The decline in turnover was mainly due to (i) non-renewal of contract for export of steel plates/coils to Iran (ii) lower allocation for import of urea by the GOI due to higher indigenous production and lower demand, and (iii) reduced import of gold attributable to large import of dore bars into the country.

The performance of the company during the year 2016-17 vis-a-vis the previous year is summarized below:

(₹Crore)

	2016-17	2015-16
TURNOVER		
Exports	789	1111
Imports	6382	8735
Domestic	581	633
Grand Total	7752	10479
FINANCIALS		
Profit Before Tax	(-)148	23
Profit After Tax	(-)166	18
Net Worth (incl. revaluation reserves)	891	1057

SEGMENT-WISE PERFORMANCE & OUTLOOK

Exports

During the year, the Company's exports fell from ₹1,111 crore in 2015-16 to ₹789 crore. The decline was mainly attributable to non-renewal of contract relating to exports of steel plates/coils to Iran, which fell from ₹1040 crore in 2015-16 to only ₹102 crore during 2016-17. However, during the year, the company, for the first time exported steel rails worth ₹576 crore to Iran against an agreement entered into with Iranian Railways.

The Company also undertook exports of around 20,000 MTs of rice valuing ₹41 crore to Egypt.

Besides above, the Company exported agro-chemicals amounting to ₹24 crore to Iran and red sanders worth ₹46 crore mainly to China.

Imports

During the year 2016-17, the Company achieved an import turnover of ₹6382 crore as against ₹8735 crore in the year 2015-16. The decline in import turnover was mainly due to lower import of urea and bullion. Major highlights of performance on import front are as under:

Bullion

Bullion imports of the Company continued to be on decline due to surge in import of gold dore bars into the country. Though bullion continued to be the single largest item of import, its turnover decreased from ₹4,711 crore in 2015-16 to ₹4,272 crore in 2016-17.

Urea

During the year, the Company was authorised by the Govt. of India to import 13.64 MT of urea. The quantities allocated for import were lower than in the previous year due to higher indigenous production and lower demand. Accordingly, the Company imported 14.06 lakh MT of urea valuing ₹2048 crore during 2016-17 as against 20 lakh MT of urea amounting to ₹3795 crore in the previous year.

Edible Oils

The Company imported and sold edible oils worth ₹53 crore during the year 2016-17.

Domestic sales

The domestic sales of the company amounted to ₹581 crore and was the second best in past seven years.

Coal

The Company continued to undertake supplies of imported coal to Bharat Oman Refineries Ltd. (BORL) and sold coal worth ₹46 crore during the year 2016-17 as against supplies worth ₹215 crore made in 2015-16. During the year, the Company also supplied a quantity of 7408 MTs of Coal valuing ₹6 crore to M/s Malabar Cements Ltd.

Pulses

The Company contracted a total quantity of 25543 MTs of pulses for supply to various state agencies viz. Tamil Nadu State Civil Supplies Corporation Ltd. (TNSCSC), Army Purchase Organisation (APO), Kerala State Civil Supplies Corporation Ltd. (KSCSCL), etc.

During the year, supply of pulses worth ₹210 crore were made to TNSCSC compared to supplies worth ₹108 crore made during the previous year. Supplies to other state agencies yielded a turnover of ₹42 crore.

Fertilizers

The Company continued to undertake distribution of fertilizers to tobacco growers/ farmers in the states of Karnataka and Andhra Pradesh. In 2016-17 also, STC supplied 26992 MT (Previous year - 44,436 MT) of fertilizers to various tobacco growers/farmers. The same yielded a turnover of ₹75 crore (previous year - ₹99 crore) during the year.

Cardamom Auctions

The Company continued to conduct cardamom auctions under licence obtained from Spices Board. The operations involve collection of cardamom directly from planters and auctioning the pooled cardamom to the traders on e-auction platform at Bodinayakanur, Tamil Nadu. During the year, the Company conducted 49 auctions and sold 1238.41 MT of cardamom which resulted in a turnover of ₹120 crore as against ₹104 crore in the previous year.

PROFITABILITY

The Company reported a net loss of ₹166 crore during the year 2016-17 as against a net profit of ₹18 crore during the year 2015-16. The loss was mainly due to provisions and write-offs (net of write-back) of ₹144 crore made in respect of doubtful debts as a measure of prudence.

DISCLOSURES ON FINANCIAL STATEMENT FOR 2016-17

- The stock of black mapte was 4765.104 MT as on

31.03.2017. The above import of black mapte was undertaken under the price stabilization fund scheme of Government of India under which the entire profit/loss on the transaction was on Govt. account. As on 31.03.2017, the stock was valued at cost or realizable value whichever is lower as per accounting policy of STC. Since the entire loss/deficiency is to be reimbursed by the Government, the realizable value of the inventory as on the balance sheet was taken as equal to cost price. Further, STC had received advance of ₹42 crore from Government of India for purchase of black mapte. The import cost was well within the advance received.

- An associate had kept in pledged to STC a quantity of 2682.07 MT of jute valuing approx. ₹7.52 crore against the outstanding dues of ₹5.62 crore. STC has filed case in the court against the associate for recovery of the outstanding dues. The stock was physically verified by Court appointed receiver on 04.04.2017 and the value of stock found to be ₹45.48 lakhs. FIR has been lodged by STC against the associate and the matter is being investigated by Police. Since the physical verification report was received after signing of the accounts of the Kolkata Branch the same could not be incorporated in the Notes to accounts.

INTERNAL CONTROLS AND PROCEDURES

STC has a sound system of internal controls which ensures compliance with statutory requirements, regulations and various policies and guidelines of the Company. Besides Statutory Audit and Audit by the C&AG, regular and exhaustive internal audits are conducted through professional agencies in close coordination with STC's Internal Audit Division to ensure that a proper system of checks and balances is in place in the Company to take care that all the assets are safeguarded and protected against any possible loss and all the transactions are authorized, recorded and reported properly.

Internal Audit is conducted as per the Accounting Standards and Rules/policies formulated by the Company from time to time. Annual Audit Programme is approved by the Audit Committee of Directors. The observations/recommendations made by the auditing agencies are reported to Management Audit Committee and the Audit Committee of Directors along with a report on compliance of directions issued in the past. The quarterly financial statements as also reports of statutory and Government audit are reviewed by the Audit Committee of Directors before these are submitted to the Board of Directors.

The Company has a well-defined Delegation of Powers (DoP) in place, which lays down the powers for different managerial levels and Committees to facilitate faster decision making. The systems and procedures laid down by the Company ensure maximum transparency in all commercial deals. The various

policies, procedures and guidelines are continuously reviewed and modified from time to time based on experience gained in the past transactions so as to improve the effectiveness of the systems of due diligence of associates and risk mitigation. A risk management framework has been put in place with the approval of Board of Directors to assess the risk involved in a trade proposal before it is approved.

The Company has a full-fledged Vigilance Division to oversee that the guidelines of the Government and the rules/procedures of the company are strictly adhered to/implemented in all matters. The Vigilance Division conducts inspection of Branch Offices of the Company and makes suggestions for taking corrective / preventive action.

WAY FORWARD

The overall performance of the Company has been under strain due to a number of factors as mentioned elsewhere in this report. For the year 2017-18, the Company has set a turnover target of ₹11000 crore with a profit before tax of ₹15 crore.

Keeping in view a number of past transactions leading to defaults by business associates in making payment of STC's dues, the Company has, as a deliberate measure, decided to refrain from undertaking trade involving STC's funds / banking limits. As such, the Company shall lay greater focus on

developing business with central/state government departments and their entities during the year 2017-18.

Besides above, the Company shall continue to make efforts to develop business in existing areas of trade such as exports of steel products, rice, agro chemicals, red sanders; imports of bullion, fertilizers, edible oils, pulses, instruments/equipment and domestic sales of coal, fertilizers, pulses, cardamom, brass scrap, etc.

CAUTIONARY STATEMENT

Certain statements contained in this Annual Report may constitute forward-looking statements within the meaning of applicable laws and regulations. These statements are based on management's views and assumptions at the time information was prepared and involve known and unknown risks and uncertainties that could cause actual results or performance to differ materially from those expressed or implied in such statements made in this Annual Report. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

as on the Financial Year ended 31st March, 2017
(Pursuant to Section 92(3) of the Companies Act, 2013 and rule12(1) of the Companies
(Management and Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS

- (i) CIN : L74899DL1956GOI002674
- (ii) Registration Date : 18.05.1956
- (iii) Name of the Company : The State Trading Corporation of India Limited
- (iv) Category/Sub-category of the Company : Government Company
- (v) Address of the Registered Office and ContactDetails : Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi - 110001
Tel.:011-23313177 / 011-23701006 Fax - 01123701098

Email: cs@stclimited.co.in
- (vi) Whether Listed Company : Yes
- (vii) Name, address, and contact details of Registrar and Share Transfer Agents : MCS Share Transfer Agents Ltd.
F-65, 1st Floor,
Okhla Industrial Area, Phase-I,
New Delhi - 110020
Tel.No. 91-11-41406149/50/51/52
Fax: 91-41709881
Website:www.mcsregistrars.com
e-mail:admin@mcsregistrars.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and description of the main products/services	NIC code of the Product/service	% of total turnover of the Company
1.	Basic Precious metals like Gold and Silver	99611926	55.11 %
2.	Fertilizers	99611720	26.44 %
3.	Steel Products	99611925	8.75 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1.	STCL Limited	U85110KA1982GOI005013	Subsidiary	100%	Section 2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	53999986	14	54000000	90.00	54000000	-	54000000	90.00	0.00
(c) State Governments	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	-	-	-	-	-	-	-	-	-
(e) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-	-
(a) Individual(NRI/ Foreign Individual	-	-	-	-	-	-	-	-	-
(b) Bodies Corporate	-	-	-	-	-	-	-	-	-
(c) Institutions	-	-	-	-	-	-	-	-	-
(d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Total share holding of Promoter(A)	53999986	14	54000000	90.00	54000000	-	54000000	90.00	0.00
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	16412	700	17112	0.02				0.03	0.01
(b) Banks/FI	1372	0	1372	0.01				0.00	-0.01
(c) Central Govt.	-	-	-	-				-	-
(d) State Govt.(s)	-	-	-	-				-	-
(e) Venture Capital Funds	-	-	-	-				-	-
(f) Insurance Companies	1149320	0	1149320	1.92				1.92	0.00
(g) FIs	26249	0	26249	0.16				0.04	-0.11
(h) Foreign Venture Capital Funds	-	-	-	-				-	-
(i) Others	-	-	-	-				-	-
Sub-total (B)(1):-	1193353	700	1194053	2.10				1.99	-0.11
2. Non-Institutions									
(a) Bodies Corp.	1141199	0	1141199	2.56				1.90	-0.66
(i) Indian	-	-	-	-				-	-
(ii) Overseas	-	-	-	-				-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	3430392	20802	3451194	5.10				5.75	0.65
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	141865	0	141865	0.12				0.24	0.11

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c) Others									
Non Resident Indians	70089	0	70089	0.12				0.12	0.00
Overseas Corporate Bodies	-	-	-	-				-	-
Foreign Nationals	-	-	-	-				-	-
Clearing Members	-	-	-	-				-	-
Trusts	1600	0	1600	0.00				0.00	0.00
Cooperative Society	-	-	-	-				-	-
Foreign Bodies-DR	-	-	-	-				-	-
Sub-total (B)(2):-	4785145	20802	4805947	7.90				8.01	0.11
Total Public Share holding (B)=(B)(1)+(B)(2)	5978498	21502	6000000	10.00				10.00	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-				-	-
Grand Total (A+B+C)	59978484	21516	60000000	100.00				100.00	0.00

(ii) Share holding of Promoters

Sl. No.	Shareholders' Name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	President of India	5,39,99,986	90	0	5,40,00,000	90	0	0
2.	Shri Khaleel Rahim	2*	-	0	-	-	0	0
3.	Shri Manoj Mishra	2*	-	0	-	-	0	0
4.	Shri J.S. Deepak	2*	-	0	-	-	0	0
5.	Shri Ajay Kumar Bhalla	2*	-	0	-	-	0	0
6.	Shri J.K. Dadoo	2*	-	0	-	-	0	0
7.	Shri Rajiv Chopra	2*	-	0	-	-	0	0
8.	Shri S.K. Sharma	2*	-	0	-	-	0	0
	Total	5,40,00,000	90	0	5,40,00,000	90	0	0

* These shares were held by Directors in their official capacity. They were not having any beneficial interest in these shares, beneficial interest was with the President of India. These share are now transferred to the President of India.

(iii) Change in Promoters' Share holding (please specify, if there is no change):

Sl. No.	President of India	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	5,40,00,000	90	5,40,00,000	90
	Date wise Increase/Decrease in Share holding during the year specifying there as ons for increase	NA	NA	NA	NA
	Decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	NA	NA	NA	NA
	At the end of the year (or on the date of separation, if separated during the year)	5,40,00,000	90	5,40,00,000	90

(iv) Share holding Pattern of top ten Share holders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top10 Share holders	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	LIFE INSURANCE CORPORATION OF INDIA				
	At the beginning of the year	544790	0.91	544790	0.91
	Datewise Increase/Decrease in Share holding during the year specifying the reasons for increase/ Decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	NA	NA	NA	NA
	At the end of the year (or on the date of separation, if separated during the year)	544790	0.91	544790	0.91
2.	THE NEW INDIA ASSURANCE COMPANY LIMITED				
	At the beginning of the year	535000	0.89	535000	0.89
	Date wise Increase/Decrease in Share holding during the years specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	NA	NA	NA	NA
	At the end of the year (or on the date of separation, if separated during the year)	535000	0.89	535000	0.89
3.	JIMMY DADIBA COOPER				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
	Date	Increase/ Decrease	Reasons for Change		
	27-01-2017	1500	Purchase	1500	0
	03-02-2017	70000	Purchase	71500	0.12
	At the end of the year (or on the date of separation, if separated during the year)	71500	0.12		
4.	KARVY STOCK BROKING LTD (BSE)				
	At the beginning of the year	24000	0.04		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
	Date	Increase/ Decrease	Reasons for Change		
	31-12-2016	-4000	Sale	20000	0.03
	27-01-2017	14000	Purchase	34000	0.06
	10-03-2017	15000	Purchase	49000	0.08
	17-03-2017	-7000	Sale	42000	0.07
	At the end of the year (or on the date of separation, if separated during the year)	42000	0.07		
5.	THE ORIENTAL INSURANCE COMPANY LIMITED				
	At the beginning of the year	40936	0.07	40936	0.07
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	NA	NA	NA	NA
	At the end of the year (or on the date of separation, if separated during the year)	40936	0.07	40936	0.07

Sl. No.	For Each of the Top10 Share holders	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
6.	SVS SECURITIES PRIVATE LIMITED				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
	Date	Increase/Decrease	Reasons for Change		
	15-04-2016	300	Purchase	300	0.00
	24-06-2016	2200	Purchase	2500	0.00
	30-06-2016	-2200	Sale	300	0.00
	08-07-2016	1794	Purchase	2094	0.00
	15-07-2016	-1694	Sale	400	0.00
	04-11-2016	-150	Sale	250	0.00
	31-12-2016	7104	Purchase	7354	0.01
	06-01-2017	-6774	Sale	580	0.00
	03-02-2017	29420	Purchase	30000	0.05
	10-02-2017	10000	Purchase	40000	0.07
	At the end of the year (or on the date of separation, if separated during the year)	40000	0.07		
7.	SUNDER SESHAN KALPATHI				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
	Date	Increase/Decrease	Reasons for Change		
	27-01-2017	38000	Purchase	38000	0.06
	03-02-2017	600	Purchase	38600	0.06
	At the end of the year (or on the date of separation, if separated during the year)	38600	0.06		
8.	PRAVEENCHAND NAHAR				
	At the beginning of the year	33100	0.06	33100	0.06
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	NA	NA	NA	NA
	At the end of the year (or on the date of separation, if separated during the year)	33100	0.06	33100	0.06
9.	THE OMNISCIENT SECURITIES PRIVATE LIMITED				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
	Date	Increase/Decrease	Reasons for Change		
	27-01-2017	300	Purchase	300	0
	03-02-2017	6557	Purchase	6857	0.01
	10-02-2017	-102	Sale	6755	0.01
	17-02-2017	15280	Purchase	22035	0.04

Sl. No.	For Each of the Top10 Share holders			Share holding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date	Increase/Decrease	Reasons for Change				
	24-02-2017	-360	Sale			21675	0.04
	17-03-2017	7830	Purchase			29505	0.05
	24-03-2017	-45	Sale			29460	0.05
	31-03-2017	-360	Sale			29100	0.05
	At the end of the year (or on the date of separation, if separated during the year)			29100	0.05		
10.	NATIONAL INSURANCE COMPANY LTD						
	At the beginning of the year			28594	0.05	28594	0.05
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.)			NA	NA	NA	NA
	At the end of the year (or on the date of separation, if separated during the year)			28594	0.05	28594	0.05
11.	HEM SECURITIES LIMITED						
	At the beginning of the year			25082	0.04		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)						
	Date	Increase/Decrease	Reasons for Change				
	08-04-2016	3231	Purchase			28313	0.05
	15-04-2016	2100	Purchase			30413	0.05
	22-04-2016	-550	Sale			29863	0.05
	29-04-2016	-300	Sale			29563	0.05
	06-05-2016	1271	Purchase			30834	0.05
	13-05-2016	1350	Purchase			32184	0.05
	20-05-2016	-1101	Sale			31083	0.05
	27-05-2016	4575	Purchase			35658	0.06
	03-06-2016	8375	Purchase			44033	0.07
	10-06-2016	1715	Purchase			45748	0.08
	17-06-2016	266	Purchase			46014	0.08
	24-06-2016	-25432	Sale			20582	0.03
	30-06-2016	1730	Purchase			22312	0.04
	01-07-2016	-835	Sale			21477	0.04
	08-07-2016	6646	Purchase			28123	0.05
	15-07-2016	3450	Purchase			31573	0.05
	22-07-2016	1525	Purchase			33098	0.06
	29-07-2016	-1807	Sale			31291	0.05
	05-08-2016	-394	Sale			30897	0.05
	12-08-2016	70	Purchase			30967	0.05
	19-08-2016	-2300	Sale			28667	0.05
	26-08-2016	-1600	Sale			27067	0.05
	02-09-2016	3126	Purchase			30193	0.05
	09-09-2016	500	Purchase			30693	0.05
	16-09-2016	-2638	Sale			28055	0.05

Sl. No.	For Each of the Top10 Share holders			Share holding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date	Increase/Decrease	Reasons for Change				
	23-09-2016	3509	Purchase			31564	0.05
	30-09-2016	-5286	Sale			26278	0.04
	07-10-2016	-1998	Sale			24280	0.04
	14-10-2016	1472	Purchase			25752	0.04
	21-10-2016	206	Purchase			25958	0.04
	28-10-2016	1004	Purchase			26962	0.04
	04-11-2016	1045	Purchase			28007	0.05
	11-11-2016	1015	Purchase			29022	0.05
	18-11-2016	855	Purchase			29877	0.05
	25-11-2016	-190	Sale			29687	0.05
	02-12-2016	440	Purchase			30127	0.05
	09-12-2016	-805	Sale			29322	0.05
	16-12-2016	-2745	Sale			26577	0.04
	23-12-2016	-6151	Sale			20426	0.03
	31-12-2016	-16412	Sale			4014	0.01
	06-01-2017	875	Purchase			4889	0.01
	13-01-2017	574	Purchase			5463	0.01
	20-01-2017	2116	Purchase			7579	0.01
	27-01-2017	-176	Sale			7403	0.01
	03-02-2017	14920	Purchase			22323	0.04
	10-02-2017	-1320	Sale			21003	0.04
	17-02-2017	-500	Sale			20503	0.03
	24-02-2017	-275	Sale			20228	0.03
	28-02-2017	50	Purchase			20278	0.03
	03-03-2017	300	Purchase			20578	0.03
	10-03-2017	540	Purchase			21118	0.04
	17-03-2017	1625	Purchase			22743	0.04
	24-03-2017	-2037	Sale			20706	0.03
	31-03-2017	-2631	Sale			18075	0.03
	At the end of the year (or on the date of separation, if separated during the year)			18075	0.03		
12.	SHRI PARASRAM HOLDINGS PVT. LTD.						
	At the beginning of the year			23284	0.04		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)						
	Date	Increase/Decrease	Reasons for Change				
	08-04-2016	-525	Sale			22759	0.04
	15-04-2016	-125	Sale			22634	0.04
	22-04-2016	-4053	Sale			18581	0.03
	29-04-2016	-169	Sale			18412	0.03
	06-05-2016	577	Purchase			18989	0.03
	13-05-2016	-451	Sale			18538	0.03

Sl. No.	For Each of the Top10 Share holders			Share holding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date	Increase/Decrease	Reasons for Change				
	20-05-2016	-83	Sale			18455	0.03
	27-05-2016	518	Purchase			18973	0.03
	03-06-2016	60	Purchase			19033	0.03
	10-06-2016	-435	Sale			18598	0.03
	17-06-2016	-704	Sale			17894	0.03
	24-06-2016	400	Purchase			18294	0.03
	30-06-2016	-1281	Sale			17013	0.03
	01-07-2016	35	Purchase			17048	0.03
	08-07-2016	626	Purchase			17674	0.03
	15-07-2016	-344	Sale			17330	0.03
	22-07-2016	1160	Purchase			18490	0.03
	29-07-2016	-211	Sale			18279	0.03
	05-08-2016	1748	Purchase			20027	0.03
	12-08-2016	195	Purchase			20222	0.03
	19-08-2016	-1956	Sale			18266	0.03
	26-08-2016	124	Purchase			18390	0.03
	02-09-2016	542	Purchase			18932	0.03
	09-09-2016	-708	Sale			18224	0.03
	16-09-2016	-2223	Sale			16001	0.03
	23-09-2016	-245	Sale			15756	0.03
	30-09-2016	-1955	Sale			13801	0.02
	07-10-2016	1796	Purchase			15597	0.03
	14-10-2016	-594	Sale			15003	0.03
	21-10-2016	618	Purchase			15621	0.03
	28-10-2016	-2849	Sale			12772	0.02
	04-11-2016	855	Purchase			13627	0.02
	11-11-2016	1575	Purchase			15202	0.03
	18-11-2016	-7193	Sale			8009	0.01
	25-11-2016	-98	Sale			7911	0.01
	02-12-2016	-1350	Sale			6561	0.01
	09-12-2016	-727	Sale			5834	0.01
	16-12-2016	614	Purchase			6448	0.01
	23-12-2016	174	Purchase			6622	0.01
	31-12-2016	-2476	Sale			4146	0.01
	06-01-2017	-394	Sale			3752	0.01
	13-01-2017	3771	Purchase			7523	0.01
	20-01-2017	542	Purchase			8065	0.01
	27-01-2017	1713	Purchase			9778	0.02
	03-02-2017	2657	Purchase			12435	0.02
	10-02-2017	2312	Purchase			14747	0.02
	17-02-2017	-1703	Sale			13044	0.02
	24-02-2017	389	Purchase			13433	0.02
	03-03-2017	-1154	Sale			12279	0.02

Sl. No.	For Each of the Top10 Share holders			Share holding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date	Increase/Decrease	Reasons for Change				
	10-03-2017	1099	Purchase			13378	0.02
	17-03-2017	-1378	Sale			12000	0.02
	24-03-2017	-1641	Sale			10359	0.02
	31-03-2017	-519	Sale			9840	0.02
	At the end of the year (or on the date of separation, if separated during the year)			9840	0.02		
13.	JM FINANCIAL SERVICES LIMITED						
	At the beginning of the year			303664	0.51		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)						
	Date	Increase/Decrease	Reasons for Change				
	13-05-2016	-65006	Sale			238658	0.4
	20-05-2016	-27430	Sale			211228	0.35
	30-06-2016	-210983	Sale			245	0
	04-11-2016	375	Purchase			620	0
	18-11-2016	464	Purchase			1084	0
	25-11-2016	536	Purchase			1620	0
	02-12-2016	4380	Purchase			6000	0.01
	09-12-2016	-2073	Sale			3927	0.01
	16-12-2016	4164	Purchase			8091	0.01
	31-12-2016	-2092	Sale			5999	0.01
	06-01-2017	-1584	Sale			4415	0.01
	13-01-2017	3109	Purchase			7524	0.01
	20-01-2017	-7500	Sale			24	0
	27-01-2017	6000	Purchase			6024	0.01
	03-02-2017	-5409	Sale			615	0
	10-02-2017	6803	Purchase			7418	0.01
	17-02-2017	-5303	Sale			2115	0
	24-02-2017	6697	Purchase			8812	0.01
	03-03-2017	-6690	Sale			2122	0
	10-03-2017	4	Purchase			2126	0
	17-03-2017	3	Purchase			2129	0
	24-03-2017	529	Purchase			2658	0
	31-03-2017	3043	Purchase			5701	0.01
	At the end of the year (or on the date of separation, if separated during the year)			5701	0.01		

Sl. No.	For Each of the Top10 Share holders	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
14.	RAVIRAJ DEVELOPERS LTD.				
	At the beginning of the year	38960	0.06		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				
	Date	Increase/Decrease	Reasons for Change		
	22-04-2016	-32900	Sale	6060	0.01
	13-05-2016	6383	Purchase	12443	0.02
	20-05-2016	-15	Sale	12428	0.02
	03-06-2016	-5000	Sale	7428	0.01
	17-06-2016	-4240	Sale	3188	0.01
	29-07-2016	1812	Purchase	5000	0.01
	20-01-2017	-2000	Sale	3000	0.01
	17-02-2017	-1303	Sale	1697	0
	24-02-2017	-1697	Sale	0	0
	At the end of the year (or on the date of separation, if separated during the year)	0	0		

(V) Share holding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shri Khaleel Rahim, Chairman and Managing Director				
	At the beginning of the year	2	0	2	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat Equity etc.)				
	25-10-2016 : Transfer	-2	0	0	0
	At the end of the year	0	0	0	0
2.	Shri Ajay Kumar Bhalla, Director				
	At the beginning of the year	2	0	2	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat Equity etc.)				
	25-10-2016: Transfer	-2	0	0	0
	At the end of the year	0	0	0	0
3.	Shri J.K. Dadoo, Director				
	At the beginning of the year	2	0	2	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat Equity etc.)				
	25-10-2016: Transfer	-2	0	0	0
	At the end of the year	0	0	0	0

Sl. No.	For Each of the Directors and KMP	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	Shri Rajiv Chopra, Director (Marketing)				
	At the beginning of the year	2	0	2	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat Equity etc.) 25-10-2016: Transfer	-2	0	0	0
	At the end of the year	0	0	0	0
5.	Shri S.K. Sharma, Director (Personnel)				
	At the beginning of the year	2	0	2	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat Equity etc.) 25-10-2016: Transfer	-2	0	0	0
	At the end of the year	0	0	0	0
6.	Shri J S Deepak, Director				
	At the beginning of the year	2	0	2	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat Equity etc.) 16-04-2016: Transfer	-2	0	0	0
	At the end of the year	0	0	0	0
7.	Shri Manoj Mishra, Director (Finance)				
	At the beginning of the year	2	0	2	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat Equity etc.) 16-04-2016: Transfer	-2	0	0	0
	At the end of the year	0	0	0	0
8.	Shri G. Ravichandran, Director (Finance)				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat Equity etc.) 16-04-2016: Transfer 25-10-2016 : Transfer	2 -2	0 0	2 0	0 0
	At the end of the year	0	0	0	0
9.	Shri P.K. Das, Director (Marketing)				
	At the beginning of the year	0	0	0	0
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat Equity etc.) 16-04-2016: Transfer 25-10-2016: Transfer	2 -2	0 0	2 0	0 0
	At the end of the year	0	0	0	0
10.	Ms. Kanchan Tripathi, Company Secretary				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat Equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

Sl. No.	For Each of the Directors and KMP	Share holding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
11.	Ms. Ritu Arora, Company Secretary				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat Equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

In indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹.)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	14,39,43,53,262	23,618	-	14,39,43,76,880
ii) Interest due but not paid	44,62,07,358	-	-	44,62,07,358
iii) Interest accrued but not due	1,61,69,073	-	-	1,61,69,073
Total(i+ii+iii)	14,85,67,29,693	23,618	-	14,85,67,29,693
Change in Indebtedness during the financial year				
• Addition	2,33,05,66,198	-	-	2,33,05,66,198
• Reduction	-	(1,675)	-	(1,675)
Net Change (+)	2,33,05,66,198	(1,675)	-	2,33,05,64,523
Indebtedness at the end of the financial year				
i) Principal Amount	16,67,06,86,302	21,943	-	16,67,06,86,302
ii) Interest due but not paid	50,36,68,673	-	-	50,36,68,673
iii) Interest accrued but not due	1,29,40,916	-	-	1,29,40,916
Total (i+ii+iii)	17,18,72,95,891	21,943	-	17,18,73,17,834

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager						Total
		Shri Khaleel Rahim	Shri Rajiv Chopra	Shri S.K. Sharma	Shri G. Ravichandran	Shri P.K. Das	Shri S.K. Gupta	
1.	Gross salary							
(a)	Salary as per provision contained in section 17(1) of the Income-tax Act, 1961	23,22,454	29,28,750	27,90,894	9,39,558	31,23,227	30,12,740	151,17,623
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	3,57,163	1,27,469	1,47,976	3,64,889	1,02,770	75,900	11,76,167
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-	-
2.	Stock Option	NA	NA	NA	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA	NA	NA	NA
4.	Commission - as % of profit - others, specify...	NA	NA	NA	NA	NA	NA	NA
5.	Others, please specify PF, Pension	3,19,236	4,52,292	4,31,005	91,647	4,17,266	2,17,523	19,28,969
	Provisions	4,26,168	7,71,090	3,83,944	-	10,05,030	3,80,042	29,66,274
	Total (A)	34,25,021	42,79,601	37,53,819	13,96,094	46,48,293	36,86,205	211,89,033
	Ceiling as per the Act	NA	NA	NA	NA	NA	NA	NA

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Dr. N. Sundarad -evan	Dr. K. Rangara -jan	Shri Sunil Trivedi	Shri Arvind Gupta	Dr. Amitabh Rajan	Shri M.L. Pareek	Ms. Bharathi Magdum	Shri Bharatsinh Parmar	Total Amount
1.	Independent Directors									
	• Fee for attending board/committee meetings • Commission	1,60,000	1,80,000	1,60,000	1,40,000	20,000	20,000	-	-	6,80,000
	Total (1)	1,60,000	1,80,000	1,60,000	1,40,000	20,000	20,000	-	-	6,80,000
2.	Other Non-Executive Directors									
	• Fee for attending board/committee meetings • Commission	-	-	-	-	-	-	-	-	-
	Total(2)	-	-	-	-	-	-	-	-	-
	Total(B)=(1+2)	1,60,000	1,80,000	1,60,000	1,40,000	20,000	20,000	-	-	6,80,000
3.	Total Managerial Remuneration (A+B)									2,18,69,033
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA	NA	NA	NA

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Ms. Kanchan Tripathi Company Secretary	Ms. Ritu Arora Company Secretary	Total
1.	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,15,446	11,61,389	16,76,835
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	1,18,298	22,371	1,40,669
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify - PF & Pension	88,515	1,79,691	2,68,206
	Total	7,22,259	13,63,451	20,85,710

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding of offenses	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
A. Company					
Penalty			NOT APPLICABLE		
Punishment					
Compounding					
B. Directors					
Penalty			NOT APPLICABLE		
Punishment					
Compounding					
C. Other Officers in default					
Penalty			NOT APPLICABLE		
Punishment					
Compounding					

ANNUAL REPORT ON CSR ACTIVITIES: 2016-17

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company believes that creation and maximization of value for stakeholders are paramount so that it generates profit in long-term. CSR & Sustainability activities have been part of the business practice of the Company since 2010. After notification of the Companies Act, 2013, STC has developed its own CSR & Sustainability Policy, which was enacted from the year 2013-14. The policy is a comprehensive guideline to contribute to inclusive growth and equitable development of marginalized and underprivileged sections/communities, within the broad geographical area in which STC has business activities.

STC is having two tier structures of monitoring of CSR activities/projects namely:

- i. Board Level Committee on CSR headed by an Independent Director
- ii. Below Board Level Committee on CSR headed by the Nodal Officer

Nodal Officer and CSR Team are having overall responsibilities to carry out micro planning, implementation and monitoring of CSR activities implemented in the field.

Overview of projects/programs proposed to be undertaken during the FY 2017-18

To execute CSR activities, funds are allocated on the basis of average net profit earned in the last three financial years. The Company's net profit of last three years was ₹31 crore (FY 2014-15), ₹23 crore (FY 15-16) and (-) ₹148 crore (FY 2016-17). Since there is an average net loss of ₹31 crore for the last three years, the Company is not mandated to allocate CSR Funds for the financial year 2017-18. However, balance amount of ₹15 lakh accrued from various projects completed in previous years is carrying forward to the financial year 2017-18. This fund is allocated for the new projects implementing in the areas of Sanitation, Emergency Needs and Capacity Building.

The CSR Policy of the company is placed on Company's website: www.stclimited.co.in

2. The Composition of the CSR Committee

As per Section 135 of Companies Act, 2013, STC has constituted CSR Committee at Board Level headed by Independent Director. As on 31.03.2017, the CSR Committee consist the following members:

- Shri. Sunil H. Trivedi - Chairperson
- Shri Sanjeev K. Sharma - Member
- Dr. N. Sundaradevan - Member
- Dr. K. Rangarajan - Member
- Shri Arvind Gupta - Member

CSR Committee also comprises Director (Finance) as a Member.

3. Average net profit of the company for last three financial years

For the purpose of ascertaining the CSR Budget "average net profit" was calculated under the provisions of Section 198 of the Companies Act, 2013. The net profit of last three preceding financial years 2013-14, 2014-15 and 2015-16 was (-) ₹492 crore, ₹31 Crore and ₹23 crore respectively. Thus, there was an average net loss of ₹146 crore for the last three financial years.

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)

Since there was an average net loss of ₹146 crore for the last three financial years, no CSR Budget was prescribed for the financial year 2016-17.

5. Details of CSR spent during the financial year

a. Total amount to be spent for the financial year

There was an average net loss of ₹146 crore during the FY 2015-16; the Company was not mandated to allocate CSR funds for the financial year 2016-17. However, an amount of ₹22.47 lakh was carried forward from the previous financial year 2015-16, out of which an amount of ₹7.36 lakh was spent towards the on-going projects during the financial year 2016-17.

b. Amount unspent, if any;

As on 31.03.2017, there was a balance amount of ₹15.11 lakh, accrued from completed projects implemented in the previous financial years. As Company is committed towards social responsibilities, CSR Committee of the Board of Directors has been approved to utilise this balance amount towards Swachh Bharat Kosh, Emergency Needs and Capacity Building Program during the financial year 2017-18.

c. Manner in which the amount spent during the financial year is detailed below

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects and Location	Amount Outlay (₹ In Lakh)	Amount spent on the projects or programs Sub heads: (1) Direct Expenditure on project or program (2) Overheads (₹ In lakh)	Cumulative expenditure upto the reporting period (₹ In Lakh)	Amount Spent: Direct or through implementing agency
1.	Preservation of monument/ heritage- Conservation of Jai Prakash Yantra at Jantar Mantar, New Delhi	Promotion of art/ culture/ heritage	Jantar Mantar, New Delhi	7.00	Direct: 7.00 Overheads: Nil	7.00	Through Archeological Survey of India, New Delhi & National Culture Fund, Delhi
2	Construction of Toilet Complex	Health & Sanitation	Prem Bari Pul, Shalimar Bagh, New Delhi	0.36	Direct: 0.36 Overheads: Nil	*0.36	Through Sulabh International Social Service Organisation
	Total			7.36		7.36	

*Completion Cost of the Project

6. Reasons for not spending the CSR Fund for the financial year 2016-17

The Company was not mandated to allocate CSR funds for the financial year 2016-17 in view of an average net loss of Rs.146 crore for the last three years.

7. Responsibility statement on CSR Committee

It is hereby confirmed that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Sd/-

(Sanjeev K. Sharma)

Director (Personnel) &
Addl. Charge Director (Finance)
DIN: 06942536

Sd/-

(Sunil H. Trivedi)

Chairman (CSR Committee)
DIN: 01670280

Sd/-

(Rajiv Chopra)

Director (Marketing) &
Addl. Charge Chairman & Managing Director
DIN : 06466326

Date: 30.08.2017

Place: New Delhi

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is essentially an ethos which guides and directs the management of a Company in handling its affairs in the best interest of all the stakeholders and promotes fairness, transparency and integrity.

SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [SEBI (LODR)] deals with Corporate Governance requirements. Also the Department of Public Enterprises (DPE) of the Government of India has issued Guidelines on Corporate Governance which are applicable to all Central Public Sector Enterprises (CPSEs) so as to achieve the highest standards of fairness, transparency, trust, integrity, responsibility and accountability with a strong emphasis on ethical and professional conduct.

STC believes that Corporate Governance is not a mere legal compliance but rather a prerequisite to maximize value for all stakeholders. It strives to adopt such corporate practices that are based on transparency and proper disclosures and ensure accountability of the persons in key positions thereby benefiting investors, customers, creditors, employees and the society at large.

As a first step towards Corporate Governance, the Company has laid down desirable codes and policies such as Code of Conduct for Board Members and Senior Management Personnel, Code of Conduct for Prevention of Insider Trading, Whistle Blower Policy, Anti-Fraud Policy, Web Archival Policy, Policy on preservation of documents, Policy on Materiality of Related Party Transactions and dealings with Related Party Transactions, Policy for determination of materiality of events & Information and their disclosure and Policy for determining Material Subsidiaries etc. The policies are displayed on the website of the Company www.stclimited.co.in under Investor Desk.

The internal control systems and their adequacy is overseen by the Audit Committee so as to bring transparency in decision making. A consolidated compliance report on all laws applicable to the Company is periodically put up to the Board.

The Company adheres to good corporate practices and constantly strives to improve the same.

1. BOARD OF DIRECTORS

1.1 The Company is managed by the Board of Directors, which formulates strategies and policies, oversees their implementation and also reviews Company performance periodically. Board of Directors is at core of the Company's corporate governance practices and oversees how the management serves and protects the long term interest of the stakeholders.

1.2 Composition

STC being a Government Company, all its Directors are appointed by the President of India, through the Ministry of Commerce & Industry. Articles of Association of the Company stipulate that the number of Directors shall not be less than four and more than sixteen. As on 31st March, 2017, there were Fifteen (15) Directors on the Board comprising, Five (5) whole time Functional Directors including Shri Khaleel Rahim, Chairman & Managing Director of the Company, who has been placed under suspension pursuant to order dated 18.11.2016 of the Ministry of Commerce & Industry, Two (2) part-time official Directors, who are the Government nominees and Eight (8) part-time non official Directors (Independent Directors). Consequent upon suspension of Shri Khaleel Rahim, Shri Rajiv Chopra, Director (Marketing) has been entrusted with the additional charge of CMD w.e.f. 28.11.2016 by Orders of the Government of India, Ministry of Commerce & Industry. All the Directors except CMD and Independent Directors are liable to retire by rotation. At least one third of such Directors retire every year and if eligible, qualify for reappointment.

Apart from CMD and Functional Directors, who receive directors' remuneration, other Directors of the Board do not have any material pecuniary relationship or transactions with the Company, its promoters or its subsidiary, which in judgment of the Board may affect independence of Directors.

1.3 Board Meetings

The meetings of the Board are generally held at the registered office of the Company and are convened by giving appropriate advance notice after approval of the Chairman of the Board. The Board of STC meets regularly at least once in a quarter. The meetings of the Board are conducted as per a structured agenda and members of the Board have complete access to all information of the Company and are also free to recommend inclusion of any subject matter in the agenda for discussion. Detailed agenda containing the management reports and other explanatory statements are circulated in advance amongst the members of the Board for facilitating meaningful, informed and focussed decisions at the meetings. Where it is not practicable to circulate any document or the agenda note for a particular item of business, the same is tabled with the approval of Chairman and majority of the Board members. Senior officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.

1.3.1 Attendance:

The details of the Directors with regard to their category, directorship in other companies, membership / chairmanship in committees of the boards of other companies as well as attendance at Board Meetings/ Annual General Meeting during 2016-17 are as follows:

Name & Designation	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Whether attended last AGM held on 29.09.2016	As on 31.03.2017 No. of Directorships in other Public Limited Companies	Memberships/ Chairmanship in Committees of the Boards of other companies
Functional Directors					
Shri Khaleel Rahim* Chairman and Managing Director	6#	6#	Yes	Nil	Nil
Shri Rajiv Chopra Director (Marketing) {with additional charge of CMD w.e.f 28.11.2016}	7#	7#	Yes	2	Nil
Shri S.K. Sharma Director (Personnel) [with additional charge of Director (Finance) w.e.f. 31.10.2016]	7#	7#	Yes	Nil	Nil
Shri G. Ravichandran Director (Finance) (upto 24.08.2016)	3#	3#	NA	Nil	Nil
Shri P. K. Das Director (Marketing)	7#	5#	Yes	Nil	Nil
Shri S.K. Gupta Director (Marketing) (w.e.f. 27.04.2016)	7#	7#	Yes	Nil	Nil
Part-time official Directors - Government Nominee					
Shri J. K. Dadoo Additional Secretary and Financial Advisor, DoC	7#	5#	No	4	4
Shri A.K. Bhalla Additional Secretary, DoC (upto 02.11.2016)	5#	4#	No	NA	NA
Dr. Inderjit Singh Additional Secretary, DoC (w.e.f. 10.11.2016)	2	2	NA	1	Nil
Part-time non-official Directors - Independent Directors					
Dr. N Sundaradevan, Independent Director (w.e.f. 03.08.2016)	5	4	Yes	2	2
Dr. K Rangarajan, Independent Director (w.e.f. 03.08.2016)	5	4	No	Nil	Nil
Shri Sunil Trivedi, Independent Director (w.e.f. 03.08.2016)	5	4	Yes	Nil	Nil
Shri Arvind Gupta, Independent Director (w.e.f. 03.08.2016)	5	5	Yes	Nil	Nil
Dr. Amitabh Rajan, Independent Director (w.e.f. 14.02.2017)	1	1	NA	Nil	Nil
Shri Mohan Lal Pareek Independent Director (w.e.f 14.02.2017)	1	1	NA	1	Nil
Ms. Bharathi Magdum Independent Director (w.e.f. 24.03.2017)	Nil	Nil	NA	Nil	Nil
Shri Bharatsinh Parmar Independent Director (w.e.f. 31.03.2017)	Nil	Nil	NA	Nil	Nil

*Shri Khaleel Rahim, Chairman & Managing Director of the Company, has been placed under suspension pursuant to order dated 18.11.2016 of the Ministry of Commerce & Industry.

For the purpose of attendance, 605th Board Meeting & 605th (Adjourned) Board Meeting held on 26.05.2016 and 28.05.2016 respectively, are considered as two meetings.

Notes:

- (i) The Company being a Government Company, all Directors are appointed by the President of India.
- (ii) Directors are not per se related to each other.
- (iii) Directors do not have any pecuniary relationships or transactions with the Company except receipt of remuneration by CMD and functional directors from the Company.
- (iv) The Directorships/Committee Membership are based on the latest disclosures received.
- (v) Only Chairmanship/Membership of the Audit Committee and Stakeholders' Relationship Committee of public limited companies are taken into account.
- (vi) None of the Directors is a member of more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he/she is a Director.
- (vii) Ms Bharathi Magdum, Independent Director has attended one Meeting as special invitee held on 14.02.2017.

1.3.2 Details of Board Meetings

During the financial year 2016-17, Six (6) meetings of the Board were held, the details of which are as below:

Sr. No.	Meeting No.	Date of Board Meeting
1.	605	26.05.2016 adjourned on 28.05.2016
2.	606	11.08.2016
3.	607	15.09.2016
4.	608	29.09.2016
5.	609	10.11.2016
6.	610	14.02.2017

The maximum interval between any two Board meetings did not exceed 120 days.

1.4 Changes in the Board of Directors

Since the last Annual General Meeting, Ministry of Commerce & Industry, Department of Commerce (DoC) vide its Office Order dated November 02, 2016 appointed Dr. Inderjit Singh (holding DIN 02721073), Additional Secretary, Department of Commerce, Ministry of Commerce & Industry, as Part time Official Director of STC who was appointed as an Additional Director on the Board of STC w.e.f. 10.11.2016.

Subsequently, the President of India, through Ministry of Commerce & Industry, Department of Commerce vide its Office Order no. 14/13/97- FT(ST) Division dated 27th January, 2017 appointed Dr. Amitabh Rajan (holding DIN 05299866), Shri Mohan Lal Pareek (holding DIN 00027693), Smt. Bharathi Magdum (holding DIN 07775091) and Shri Bharatsinh Prabhatsinh Parmar (holding DIN 07781550), as a part-time non-official Director on the Board of the Corporation for a period of three years from the date of issue of order or until further order whichever is earlier.

As per provisions of the Companies Act, 2013, Dr. Amitabh Rajan and Shri Mohan Lal Pareek have been appointed as Independent (Additional) Directors on Board of STC with effect from 14.02.2017 whereas Smt. Bharathi Magdum and Shri Bharatsinh Prabhatsinh Parmar, have been appointed as Independent (Additional) Directors w.e.f. 24.03.2017 and 31.03.2017 respectively.

As per Section 149, 161 and other applicable provisions of the Companies Act, 2013, these Additional Directors will hold office up to the next Annual General Meeting (AGM) of the Company and will be regularized as Directors at the ensuing AGM.

The Board welcomes all the new Directors and hopes that the Company shall immensely benefit from their rich and varied experience.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Jitendra Kumar Dadoo (holding DIN 02481702), AS&FA, DoC and Shri Rajiv Chopra (holding DIN 06466326), Director (Marketing) with additional charge of CMD, would retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Shri Ajay Kumar Bhalla, (holding DIN 03151465) Additional Secretary, DoC, who was appointed as Director w.e.f. 28.09.2015 ceased to be Director with effect from November 02, 2016 pursuant to office order No. 11/36/2001, FT (M&O) Division dated November 02, 2016 issued by the Government of India, Ministry of Commerce & Industry, Department of Commerce.

The Board appreciated the efforts and valuable contribution put in and guidance provided by Shri Ajay Kumar Bhalla during his tenure as Member of the Board and Chairman of Stakeholders Relationship Committee of STC.

Shri Khaleel Rahim (holding DIN 02455606), Chairman & Managing Director of the Company has been placed under

suspension pursuant to Order dated 18.11.2016 of Ministry of Commerce & Industry, Department of Commerce and Shri Rajiv Chopra, Director (Marketing) has been given additional charge of CMD w.e.f. 28.11.2016 as per Orders of DoC. Consequent upon resignation and relieving of Shri G. Ravichandran (holding DIN 07449503) from the post of Director (Finance) of STC, Shri Sanjeev Kumar Sharma (holding DIN 06942536), Director (Personnel), STC has been given additional charge of Director (Finance) w.e.f. 31.10.2016 as per orders of DoC.

2. RESUME OF DIRECTORS PROPOSED TO BE APPOINTED/ RE-APPOINTED

As per Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief resumes of all Directors retiring by rotation and seeking appointment/re-appointment indicating nature of their experience in specific functional areas, names of Companies in which they hold directorship and membership/chairmanship of Boards/ Committees are appended to the notice calling the 61st Annual General Meeting of the Company

3. BOARD COMMITTEES

The Company has the following Committees of the Board:

3.1 Audit Committee

The terms of reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidelines on Corporate Governance for CPSEs issued by DPE in May, 2010. The Audit Committee is responsible for the effective supervision of the financial reporting processes to ensure proper disclosure of financial statements, their credibility, compliance with the accounting standards, stock exchanges and other legal requirements, reviewing internal control systems, reviewing findings of internal audit and ensuring follow up action on significant findings, and reviewing quarterly, half yearly and yearly accounts etc..

Before 03.08.2016, the Audit Committee comprised three (3) members with two (2) non-executive Directors and one (1) executive Director viz. Shri Ajay Kumar Bhalla, AS, DoC, Shri J.K. Dadoo, AS&FA, DoC and Shri Rajiv Chopra, Director (Marketing). Consequent upon appointment of Independent Directors on the Board, w.e.f. 03.08.2016, the Audit Committee was reconstituted. As on 31.03.2017 the Audit Committee of the Company comprised four (4) members including three (3) Independent Directors viz., Dr. N. Sundaradevan as Chairman, Shri J.K. Dadoo, Dr. K. Rangarajan and Shri Sunil Trivedi as members.

The Audit Committee has been reconstituted again on 11.04.2017. The existing Audit Committee comprising Dr. N. Sundaradevan as Chairman, Shri J.K. Dadoo, Dr. K. Rangarajan and Shri M.L.Pareek as members. Company Secretary is the Secretary of the Committee. All the members of the Committee have requisite financial and management experience.

Details of Attendance & Meeting held during FY 2016-17 are as follows :-

3.1.1 Attendance:

Member	No. of Meetings held during the tenure	No. of Meetings Attended
Shri Jitendra Kumar Dadoo, AS & FA, DoC	5#	5
Shri Ajay Kumar Bhalla, AS, DoC	2#	2
Shri Rajiv Chopra	2#	2
Dr. N. Sunderadevan	3	2
Dr. K. Rangarajan	3	3
Shri Sunil Trivedi	3	2

#For the purpose of attendance 77th Audit Committee Meeting and 77th adjourned Audit Committee Meeting held on 26.05.2016 and 28.05.2016 are considered as two meetings

3.1.2 Details of Audit Committee Meetings:

During the financial year 2016-17, Four (4) meetings of Audit Committee were held. The details of Audit Committee meetings held during the year are as follows:

Sr. No.	Meeting No.	Date of the Audit Committee Meeting
1.	77	26.05.2016 adjourned on 28.05.2016
2.	78	11.08.2016
3.	79	10.11.2016
4.	80	14.02.2017

3.2 Nomination and Remuneration Committee

The term of reference of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Ministry of Corporate Affairs, through notification dated 05.06.2015, has exempted the Government Companies from applicability of Section 178 (2), (3) and (4) of the Companies Act, 2013 except with regard to appointment of senior management employees.

STC being a Government Company, terms and conditions of appointment and remuneration of whole-time Functional Directors including CMD are determined by the Government through administrative ministry, the Ministry of Commerce and Industry. Non-Executive part-time official Directors (Government nominees) do not draw any remuneration or sitting fee. Non-executive part-time non-official Directors (Independent Directors) are paid sitting fees of ₹20,000/- for each Board/ Committee meeting attended by them which has been approved by the Board and are within the prescribed limit as per the Companies Act, 2013.

Consequent upon appointment of Independent Directors on the Board of STC, the Nomination and Remuneration Committee was reconstituted comprised three (3) Independent Directors. As on 31.03.2017 the Nomination and Remuneration Committee comprised three Independent Directors, Shri Arvind Gupta as Chairman, Dr. N. Sundaradevan and Dr. K. Rangarajan as members. Subsequently, Nomination and Remuneration Committee of the Board has been reconstituted on 11.04.2017 and it comprises Dr. Amitabh Rajan, as Chairman, Smt. Bharathi Magdum and Shri Arvind Gupta, as members.

During the year, one meeting of the Nomination and Remuneration Committee was held on 10.11.2016 and it was attended by all the members.

3.2.1 Directors' Remuneration:

Remuneration of Directors' for the year ended 31.03.2017 was as follows:

(a) Functional Directors:							(₹ lakh)
Sr. No.	Names	Salary incl. DA & perks	Other Benefits	Performance Related Pay	Contribution To PF & other Funds	Provisions	TOTAL
1	Shri Khaleel Rahim	23.23	3.57	--	3.19	4.26	34.25
2	Shri Rajiv Chopra	29.29	1.27	--	4.52	7.71	42.79
3	Shri S.K. Sharma	27.91	1.48	--	4.31	3.84	37.54
4	Shri G. Ravichandran	9.40	3.65	--	0.91	0.00	13.96
5	Shri P.K. Das	31.23	1.03	--	4.17	10.05	46.48
6	Shri S. K. Gupta	30.13	0.76	--	2.17	3.80	36.86

(b) Part-time Non-Official Directors/ Independent Directors

Non-Executive non-official Directors are paid sitting fees at the rate of ₹20,000/- for attending each meeting of the Board/Committee thereof. Details of payments made to Independent Directors during the year 2016-17 are given:-

S.No.	Name of Independent Director	Sitting Fee (Excluding Service Tax) (in Lakh)
1	Dr. N Sundaradevan	1.6
2	Dr. K. Rangarajan	1.8
3	Shri Sunil Trivedi	1.6
4	Shri Arvind Gupta	1.4
5	Dr. Amitabh Rajan	0.2
6	Shri Mohan Lal Pareek	0.2

3.2.2 Stock Options

The Company has not issued any Stock Options to its Directors/ Employees.

3.2.3 Equity Shares held by Directors

None of the Directors hold any equity shares in the Company

3.2.4 Service contracts, notice period, severance fee.

The Chairman & Managing Director and other whole-time Directors are generally appointed for a period of five years from the date of taking over the charge or until the date of superannuation of the incumbent, or until further orders from the President of India, whichever event occurs earliest. Based on the performance, the tenure of the whole-time director can be extended further till the date of superannuation or until further order from the Government of India, whichever event occurs earlier. The age limit for the Chairman & Managing Director and other whole-time Directors is 60 years.

Independent Directors are appointed by the President of India generally for tenure of three years.

The terms and conditions of the services of the Functional Directors including that of the Chairman & Managing Director are decided by the Government of India.

3.3 Stakeholders Relationship Committee:

The Company has a "Stakeholders Relationship Committee" at the Board level to deal with various matters relating to redressal of grievances of the shareholders' including complaints related to transfer of shares, non- receipt of balance sheet, non-receipt of declared dividends. The Stakeholders Relationship Committee comprised three members viz., Dr. Inder Jit Singh, AS, DoC, as Chairman (earlier Shri Ajay Kumar Bhalla was Chairman) and Shri Rajiv Chopra, Director (Marketing) and Shri S.K. Sharma, Director (Personnel) as members.

During the year 2016-17, two (2) meetings of the Committee were held on 23.06.2016 and 20.01.2017. The attendance details are as under:

Name of Member	No. of Meetings held during the tenure	No. of Meetings Attended
Shri Ajay Kumar Bhalla, Additional Secretary, DoC, Chairman	1	1
Dr. Inder Jit Singh, Additional Secretary, DoC, Chairman	1	1
Shri Rajiv Chopra, Director (Marketing)	2	2
Shri S.K. Sharma, Director (Personnel)	2	2

3.3.1 Compliance Officer

Ms. Ritu Arora, Company Secretary is the Compliance Officer of the Company. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and the regulatory authorities for governance matters.

3.3.2 Redressal of Investors' Grievances

The Company addresses all complaints, suggestions and grievances of the investors expeditiously and usually resolves the issues within 7-10 days except in case of dispute over facts or other legal constraints.

Generally, no request for share transfer is pending beyond 30 days except those that are disputed or sub-judice. All requests for de-materialization of shares are likewise processed and confirmation communicated to investors and Depository Participants within 10 working days.

No complaint was outstanding at the beginning of the year. During the year, a total of 84 complaints/ queries/ correspondence were received and 83 were replied/ attended to the satisfaction of the shareholders. There was one complaint pending as on 31st March, 2017.

3.3.3 Settlement of Grievances

Investors may register their grievances in the manner stated below:

Sl. No.	Nature of Complaint	Contact Office	Action to be taken
1	For Shares in Physical form - Change of address, status, Bank account, Mandate, ECS mandate, transfer / transmission of shares, bonus shares etc.	MCS Share Transfer Agents Ltd. F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Tel. No. 91-11-41406149 -52 Fax: 91-41709881. Website: www.mcsregistrars.com e-mail: admin@mcsregistrars.com	Letter on plain paper stating the nature of complaint, Folio No., lodging of original shares and other documents/ instruments as the case may be.
2	For Shares in Demat form- Change of address, status, Bank account, Mandate, ECS mandate etc.	Concerned Depository Participant (DP) where shareholder is maintaining his/her account.	As per procedure prescribed by the DP.
3	Dividend from Financial Year 2009-10 (Final) to 2012- 13 (Final) and renewal of individual dividend warrants	Company Secretary, The State Trading Corporation of India Limited, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001 Phone: 23703177 e-mail :cs@stclimited.co.in	Letter on plain paper stating the nature of complaint, Folio No./ DPID, client ID, and other documents/ instruments as the case may be. Members are requested to apply for renewal of individual dividend warrants or issue of duplicate warrants for the dividend 2009-10 (Final) before 01.11.2017. The unpaid/ unclaimed dividend amount for the year 2009-10 (final) will be transferred on or

			before 01.12.2017 by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie neither against IEPF nor against the Company.
--	--	--	--

3.4 CSR Committee of Directors

The terms of reference of the Committee include formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company, recommending the amount of expenditure to be incurred on such activities and monitoring the implementation of Corporate Social Responsibility Policy of the Company from time to time.

Consequent upon appointment of Independent Directors on the Board of STC, the CSR Committee was reconstituted. As on 31.03.2017 the CSR Committee of the Board comprised of four independent directors and two executive directors viz. Shri Sunil Trivedi as Chairman, Dr. N. Sundaradevan, Dr. K Rangarajan, Shri Arvind Gupta, Director (Personnel) and Director (Finance), as members.

The Board, after appointment of four more Independent Directors during the financial year 2016-17 vide MoC Order dated 27.01.2017, has reconstituted the CSR Committee on 11.04.2017 comprising three Independent Directors and two executive directors viz. Shri Sunil Trivedi as Chairman, Shri Bharatsinh Parmar, Shri Arvind Gupta, Director (Personnel) and Director (Finance) as members.

During the year, two meetings of the CSR Committee were held on 11.08.2016 and 08.03.2017. The attendance details are as under:

Member	No. of Meetings held during the tenure	No. of Meetings attended
Shri Sunil Trivedi,	2	2
Shri S. K. Sharma,	2	2
Shri G. Ravichandran	1	1
Dr. N. Sunderadevan	1	1
Dr. K. Rangarajan	1	1
Shri Arvind Gupta	1	1

3.5 Separate Meeting of Independent Directors

Pursuant to the Provisions of Section 149(6) read with Schedule IV to the Companies Act, 2013, a separate meeting of the Independent directors is required to be held during the year to inter-alia review the performance of non-independent directors and the Board as a whole, review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors and to assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The separate meeting of Independent Directors was held on 08.03.2017 during 2016-17 at the registered office of the Company and all Independent Directors on that date were present. Smt. Bharathi Magdum also attended the meeting as Special Invitee.

3.6 The details of the familiarization programme of the Independent Directors are available on the website of the company:

During the Financial Year 2016-17, President of India through the Ministry of Commerce and Industry has appointed total Eight (8) Independent Directors on the Board of the Company. The details regarding familiarization programme of Independent Directors are available on the website of the Company under Investor Desk and with the heading of 'Familiarisation Programme for Independent Directors' held during 2016-17.

4 CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT.

The Company is committed to conducting its business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A Code of Conduct was adopted by the Board for Board Members and Senior Management in line with the model code of conduct for Board Members and Senior Management stipulated in the Guidelines on Corporate Governance for CPSEs issued by DPE. A copy of the Code has been placed on the Company's website: www.stclimited.co.in.

All the Members of the Board and senior management have confirmed compliance with the Code of Conduct for the year under review. A declaration by Chairman & Managing Director is annexed with the Report.

4.1 CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Board has approved the Code of Conduct for Prevention of Insider Trading in dealing

with securities of STC. The objective of the Code is to prevent purchase and/ or sale of shares of the Company on the basis of unpublished price sensitive information. Under this Code, all Directors and employees as defined in the Policy are prohibited to deal in the Company's shares during the closing of Trading Window and other specified period(s). To deal in securities beyond specified limit, permission of Compliance Officer is required. All Directors and employees are required to disclose related information periodically as stipulated in the Code. The Code has been circulated to all Directors and Employees and has been hosted on the Company website.

4.2 CEO/ CFO CERTIFICATION

In terms of Regulation 17(8) specified in Part B of schedule II Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certification by the CEO/CFO on the financial statements and internal controls relating to financial reporting for the year 2016-17 was submitted to the Board on 30.05.2017 and is annexed to this Report

5 SUBSIDIARY COMPANY:

The Company has one wholly owned unlisted subsidiary Company, STCL Limited. The said subsidiary is a Board managed company with its Board having the rights and obligations to manage the Company in the best interest of its stakeholders. The Directors on the Board are appointed by the President of India through Administrative Ministry, Ministry of Commerce and Industry. The composition of the Board as on 31.03.2017 is as follows:

- (i) Chairman STC - Part-time Chairman of the Board
- (ii) Director - FT(ST) , Department of Commerce, Ministry of Commerce and Industry, Government of India - Part- time Official Director/ Government Director
- (iii) Managing Director - STCL (Whole-time)

Ministry of Commerce vide its order dated 15.05.2017 nominated Ms. Rooma Nagrath, GM (Finance), STC as Director on the Board of STCL who was inducted on the Board of STCL with effect from 23.05.2017.

The performance of the subsidiary is reported to the Board periodically.

6 GENERAL BODY MEETINGS

The Annual General Meetings of the Company are held at the Registered Office of the Company i.e. Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001. The details of such meetings held during the last three years are as under:

Nature of Meeting	Financial Year	Date and Time
Annual General Meeting	2015-16	29.09.2016 - 3.00 P.M.
Annual General Meeting	2014-15	28.09.2015 - 3.00 P.M.
Annual General Meeting	2013-14	25.09.2014 - 3.00 P.M.

All resolutions moved at the last Annual General Meeting were passed by requisite majority of members through e-voting and through Ballot Papers.

No Special Resolution had been passed at last three year's Annual General Meeting.

No Special Resolution was passed through Postal Ballot during the financial year and no special resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

7 DISCLOSURES

- Under Regulation 23 of SEBI Regulation, all related party transactions require approval of the Audit Committee. Further, all material Related Party Transactions shall require approval of the shareholders through special resolution. As per section 188 of the Companies Act, 2013, certain contract/ arrangement with related party requires approval of the Board of Directors. Further, if these transactions cross the limit prescribed under the Rules, the approval of Shareholder through special resolution is required. The Company has formulated a Policy on Materiality of Related Party Transactions and also on Dealing with Related Party Transactions.
- The RPT Policy is available at the weblink: <http://www.stclimited.co.in/corporate-commitments/related-party-transactions-policy.aspx>
- During the year, there were no transactions of material nature with the Directors or the Management or the subsidiary or relatives that had potential conflict of interest with the company.
- The details of "Related Party Disclosures" have been disclosed at serial no. 52 in the Notes Forming Part of Accounts in the Annual Report.
- There has been no instance of non-compliance by the Company on any matter related to capital markets, during the last three years. No penalties or strictures have been imposed by SEBI, the Stock Exchange or any Statutory Authority on the Company.
- Directors are nominated on training programmes organized by DPE & SCOPE from time to time.
- The Company does not have any shares in the demat suspense account or unclaimed suspense account.

8 MEANS OF COMMUNICATION

- **Quarterly/Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the stock exchanges immediately after these are approved by the Board. These financial results are normally published in the leading English and vernacular dailies having wide circulation across the country. The results are also displayed on the website of the Company www.stclimited.co.in. The results are not sent individually to the shareholders.
- **Limited Review Reports:** "Limited Review Reports" of the unaudited financial results for the respective quarter(s) obtained from statutory auditors of the Company are filed with the Stock Exchange(s) from time to time.
- **News release:** The official news releases are displayed on the Company's website www.stclimited.co.in
- **Website:** The Company's website www.stclimited.co.in contains a separate section where the shareholders information is available. Full Annual Report, Shareholding Pattern and Corporate Governance Report etc. are also available on the website in a user friendly manner.
- **Annual Report:** Annual Report containing inter-alia, Audited Annual Accounts, Directors' Report, Management Discussion and Analysis (MD&A) Report, Auditors' Report, Corporate Governance Report including information for the Shareholders and other important information is circulated to the members and others entitled thereto.

9 SHAREHOLDERS' INFORMATION

9.1 Forthcoming AGM - Date, Time and Venue

The Annual General Meeting for the Financial Year ending 31st March, 2017 is scheduled to be held on Tuesday, 26th September, 2017 at 04:00 PM. at, Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001.

9.2 Financial Year & Calendar:

The company adopts the financial year from 1st April to 31st March. Quarterly accounts are adopted by the Board by dates indicated below:

Adoption of Quarterly results for the quarter ending	Last date for adoption of Financial Results
June 30, 2017	14th September, 2017
September 30, 2017	14th December, 2017
December 31, 2017	14th February, 2018
March 31, 2018 (Audited)	30th May, 2018

9.3 Book Closure Period:

The Register of Members shall remain closed from Tuesday, 19th September, 2017 to Tuesday, 26th September, 2017 (both days inclusive) for the purpose of Annual General Meeting.

9.4 Listing on Stock Exchanges

The equity shares of the Company are listed on the following Stock Exchanges:

Name, address and contact details	Security Code	Type of Security
The Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street, Mumbai - 400 001, Telephone: 022-22721233/4 Fax: 022-22723121/3719/2037/2039 E-mail: info@bseindia.com Website: www.bseindia.com	512531	Equity
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. 1, G- Block, Bandra- Kurla Complex, Bandra (East), Mumbai - 400 051. Telephone: 022-26598100-8114, Fax: 022-26598237/38 E-mail: cc_nse@nse.co.in Website: www.nseindia.com	STCINDIA-EQ	Equity

9.5 Listing Fee

The Annual Listing Fee for the listed equity shares pertaining to the year 2017-18 has been paid to the concerned Stock Exchanges.

9.6 Payment of Annual Custody Fee to NSDL and CDSL Stock code: INE655A01013

The Company has paid Annual Custody Fee to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year 2017-18 based on the Folio/ISIN positions as on 31.03.2017.

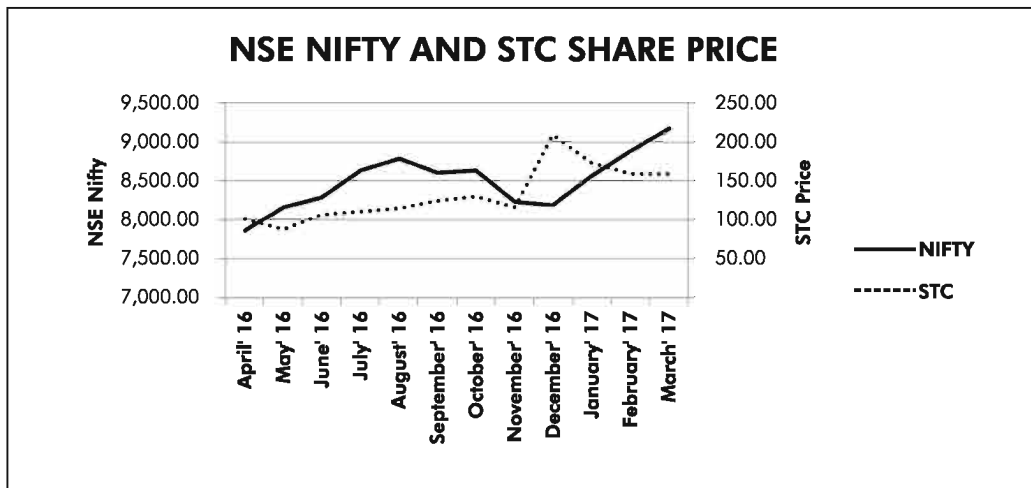
9.7 Stock Market Data : High / Low during each month in last financial year and with comparison with BSE Sensex and NSE Nifty

Month	National Stock Exchange				Bombay Stock Exchange				NIFTY	SENSEX
	High Price (in Rs.)	Low Price (in Rs.)	Closing Price (in Rs.)	Volume (in no. of shares)	High Price (in Rs.)	Low Price (in Rs.)	Closing Price (in Rs.)	Volume (in no. of shares)		
Apr-16	112.35	89.40	100.50	3,417,103	112.00	89.90	100.60	913,063	7,849.80	25,606.62
May-16	103.90	81.20	86.50	2,669,396	104.10	81.10	86.45	1,145,040	8,160.10	26,667.96
Jun-16	109.00	86.55	105.75	9,948,577	109.00	87.00	105.85	2,255,809	8,287.75	26,999.72
Jul-16	119.30	103.40	109.85	8,759,875	119.50	103.60	110.20	2,138,599	8,638.50	28,051.86
Aug-16	122.10	102.00	115.15	5,083,230	122.60	102.00	114.60	1,083,161	8,786.20	28,452.17
Sep-16	138.65	112.50	124.55	5,855,688	138.35	102.30	123.55	1,194,576	8,611.15	27,865.96
Oct-16	137.00	123.20	130.50	3,194,210	137.00	123.25	130.80	562,099	8,625.70	27,930.21
Nov-16	143.50	105.10	116.10	4,276,763	143.55	104.50	115.60	800,561	8,224.50	26,652.81
Dec-16	222.70	115.00	208.85	17,283,636	223.90	115.20	208.75	4,915,001	8,185.80	26,626.46
Jan-17	251.40	173.00	173.30	17,386,110	251.00	173.15	173.60	5,244,974	8,561.30	27,655.96
Feb-17	179.50	154.35	158.80	3,487,950	179.30	154.10	158.50	1,032,614	8,879.60	28,743.32
Mar-17	169.50	150.40	158.75	4,355,779	169.75	150.20	158.95	930,024	9,173.75	29,620.50

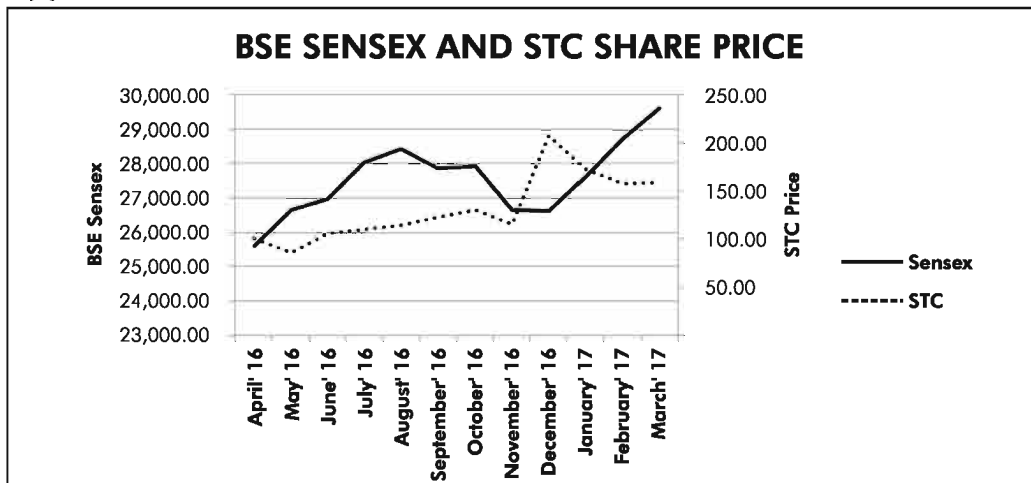
Source: Web-sites of BSE and NSE

Performance of the share price of the Company in comparison to the NSE Nifty and BSE Sensex:

(i) NSE NIFTY and STC Share Price



(ii) BSE Sensex and STC Share Price



9.8 Share Transfer System

MCS Share Transfer Agents Limited is the Registrar and Share Transfer Agent (RTA) for the physical shares as well as is the depository interface of the Company with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The shares of the company are traded compulsorily in dematerialized form. Shares received for transfer in physical form are normally processed within a period of 30 days from the date of lodgement of valid share transfer deed along with share certificate. A Share Transfer Committee comprising of three whole time Directors. Two Directors of the Share Transfer Committee of the Board and Company Secretary are empowered to approve the transfers. No transfer was pending as on 31.03.2017.

Pursuant to the Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates from practicing Company Secretary confirming due compliance of share transfer formalities by the Company, certificates for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to Stock Exchanges on quarterly basis.

In addition, as part of the Capital Integrity audit, a Secretarial Audit Report for reconciliation of the share capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is also submitted to the Stock Exchanges.

Shareholding Pattern as on 31st March, 2017

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
President of India (Government of India)	1	54000000	90.0000
Mutual Funds/ UTI	4	29060	.0484
Financial Institutions/ Banks	1	4406	.0073
Insurance Companies	4	1149320	1.9155
Foreign Institutional Investors	1	2570	.0043
Bodies Corporate	633	928564	1.5476
Indian Public	27315	3806007	6.3434
Non Resident Indians	194	79073	0.1318
Trust	1	1000	.0017
Total	28154	6,00,00,000	100.0000

9.9 Top 10 Shareholders as on 31st March, 2017

Name	No. of Shares held	% of total shares
President of India (Government of India)	5,40,00,000	90.0000
Life Insurance Corporation of India Limited	5,44,790	0.9080
The New India Assurance Company Limited	5,35,000	0.8917
Jimmy Dadiba Cooper	71500	.1192
Karvy Stock Broking Ltd (BSE)	42000	.0700
The Oriental Insurance Company Limited	40936	.0682
SVS Securities Private Limited	40000	.0667
Sunder Seshan Kalpathi	38600	.0643
Praveenchand Nahar	33100	.0552
The Omniscient Securities Private Limited	29100	.0485

9.10 Distribution of Shareholding by Size as on 31st March, 2017

Category (No. of Shares)	Number of shares	% of Shareholding	Total number of Shareholders	% of Shareholders
1-500	2016858	3.3614	26677	94.7539
501-1000	651824	1.0864	830	2.9481
1001-2000	556347	.9272	361	1.2822
2001-3000	291341	.4856	115	.4085
3001-4000	159551	.2659	45	.1598
4001-5000	197716	.3295	42	.1492
5001-10000	355712	.5929	50	.1776
10001-50000	619361	1.0323	30	.1066
50001-100000	71500	.1192	1	.0036
100001 and above.	55079790	91.7997	3	.0107
Total	6,00,00,000	100.0000	28154	100.0000

9.11 Corporate Benefits

Dividend History:

Year	Interim/ Final	Rate (%)	Per Share (₹)	Amount (₹ in lakh)
2009-10	Interim	25	2.50	1500.00
	Final	22.50	2.25	1350.00
2010-11	Final	30	3.00	1800.00
2011-12	Final	20	2.00	1200.00
2012-13	Final	20	2.00	1200.00
2013-14		Nil		
2014-15		Nil		
2015-16		Nil		

9.12 Transfer of Unpaid/ Unclaimed Dividend to Investor Education and Protection Fund (IEPF)

In accordance with Section 124 of the Companies Act, 2013 requiring transfer of dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the IEPF, during the year, amount of Rs.266754/- pertaining to unpaid/unclaimed final dividend for the year 2008-09 and Rs.263500/- pertaining to unpaid/ unclaimed interim dividend for the year 2009-10 were transferred to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

The unpaid/unclaimed final dividend for the FY 2009-10 which is due for transfer to IEPF, should be claimed by the members before 01.11.2017 after which no claim shall lie against the Fund/ Company in respect of said amount. The due dates of transfer of unpaid/ unclaimed dividend to IEPF for the different financial years are as under:

Sr. No.	Year	Type of Dividend	Dividend Rate (%)	Last date for claiming unpaid Dividend	Due date for transfer to IEPF
1.	2009-10	Final	22.50	01.11.2017	01.12.2017
2.	2010-11	Final	30	03.11.2018	03.12.2018
3.	2011-12	Final	20	02.11.2019	02.12.2019
4.	2012-13	Final	20	31.10.2020	30.11.2020

Members, who have not yet encashed their dividend warrant may approach the Registrars and Share Transfer Agents/ Company for issuance of demand draft upon completion of necessary formalities in this behalf in lieu of such warrant.

9.13 Dematerialization of Shares and Liquidity

Description	No. of Shareholders	Shares	% of Equity
CDSL	10768	55946974	93.24
NSDL	16466	4031892	6.72
PHYSICAL	920	21134	.04
Total	28154	60000000	100.00

The shares of the company are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31st March, 2017, 5,99,78,866 equity shares forming 99.96 % of the shareholding, stood dematerialized.

10. OUTSTANDING GDRs/ADRs/ WARRANTS OR CONVERTIBLE INSTRUMENTS

No GDRs/ADRs/ Warrants or Convertible Instruments have been issued by the Company.

11. ADDRESSES FOR SHAREHOLDERS' CORRESPONDENCE

These have been given at 3.3.3 above.

12. RISK MANAGEMENT

A Risk Management Framework has been instituted to add further objectivity to the process of risk assessment while considering trade proposals. The Risk Management Framework measures the risk involved in a business proposal in the form of a total risk score which is weighed vis-à-vis available risk mitigation measures. An Enterprise level Risk Assessment system has also been put in place and is under review by the management.

13. HEDGING

The Company does not take exposure in volatile commodities. Generally, it makes purchases only against confirmed orders backed by appropriate margin money.

Guidelines are in place requiring forward foreign exchange cover to be taken in respect of transactions involving STC funds.

14. WHISTLE BLOWER POLICY

SEBI Listing Regulations provides that a listed company shall establish a vigil mechanism for directors and employees to report concern about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. Also, in terms of Clause 8 of the DPE Guidelines on Corporate Governance for CPSEs issued in 2010, Company may establish a mechanism for employees to report to the management concerns of unethical behavior etc. Accordingly, the Company has framed a Whistle Blower Policy with the approval of the Board and the same has been implemented w. e. f. 10th May, 2012.

A suitable mechanism has been put in place to protect the whistle blowers from any kind of harm or harassment.

15. COMPLIANCE CERTIFICATE FROM AUDITORS / PRACTICING COMPANY SECRETARY

A Certificate from the Practicing Company Secretary of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises (DPE Guidelines) is annexed to the Directors' Report forming part of the Annual Report.

16. ADOPTION OF DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II

The company is examining the implementation of discretionary requirements as specified in Part E of Schedule II, wherever possible.

17. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

The Board of Directors of STC has adopted Guidelines on Corporate Governance, 2010 for CPSEs issued by Department of Public Enterprises (DPE) on mandatory basis as the Board approved policy on Corporate Governance.

18. SECRETARIAL AUDIT REPORT

Secretarial Audit was got conducted from M/s Chandrasekaran Associates, Company Secretaries confirming compliance to the applicable provisions of the Companies Act, 2013, SEBI Regulations, SEBI guidelines, DPE guidelines and all other related rules and regulations relating to Capital Market. The Certificate issued by the Secretarial Auditors as noted by the Board and management Replies there as noted, forms part of the Directors' Report and annexed hereto.

CODE OF CONDUCT REPORT

To the Board of Directors of
The State Trading Corporation of India Limited

Sub.: Code of Conduct - Declaration under Regulation 34(3) specified in Para D of Schedule V Annual Report of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

This is to certify that:

1. In pursuance of the Regulation 17(5) and Regulation 34(3) specified in Para D of Schedule V Annual Report of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Code of Conduct has been laid down by the Company for all the Board Members and the Senior Management Personnel of the Company.
2. The said Code of Conduct is also uploaded on the website of the Company at www.stclimited.co.in
3. All Board Members and Senior Management Personnel have affirmed having complied with the said Code of Conduct of board of directors and senior management, during the year ended 31st March, 2017.

Place: New Delhi
Date: 03.05.2017

Sd-
(Rajiv Chopra)
Director (Marketing) with
Addl. Charge CMD

COMPLIANCE CERTIFICATE

Compliance Certificate by the CEO and CFO under Regulation 17(8) specified in Part B of schedule II Corporate Governance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of The State Trading Corporation of India Ltd.

We, Rajiv Chopra, Director (Marketing) having additional Charge of Chairman & Managing Director, and Sanjeev Kumar Sharma, Director (Personnel) having additional charge of Director (Finance), certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2017 and that to the best of our knowledge and belief :
 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee that:
 1. There has not been any significant change in internal control over financial reporting during the year under reference.
 2. There has not been significant changes in accounting policies during the year except those disclosed in the notes to the financial statements; and
3. There has not been any instances during the year of significant fraud except to the extent disclosed in notes to the accounts, of which we had become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Sd/-
(Rajiv Chopra)
Director (Marketing)
Additional Charge CMD

Sd/-
(Sanjeev Kumar Sharma)
Director (Personnel) Additional
Charge of Director (Finance)

Place: New Delhi
Date: 25.05.2017

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
The State Trading Corporation of India Limited,
New Delhi

We have examined the compliance of conditions of Corporate Governance by The State Trading Corporation of India Limited for the year ended 31st March, 2017, as stipulated in Regulations 17 to 27, 46(2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 executed with the Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said regulations and guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and based on representations made by the Management, we certify that as on 31st March, 2017, the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46(2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 executed by the Company with the Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
For Parveen Rastogi & Co.
Practicing Company Secretary

Sd/-
(Praveen Rastogi)
Proprietor
Membership No. 4764
COP No. 2883

Date: 26.04.2017
Place: New Delhi

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

**The Members,
The State Trading Corporation of India Limited
Jawahar Vyapar Bhawan,
Tolstoy Marg, New Delhi-110001**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The State Trading Corporation of India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (e) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; Not Applicable
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable and
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable
- (vi) As confirmed and certified by the management, following laws specifically applicable to the Company based on the Sectors / Businesses.
 - 1) The Custom Act, 1962
 - 2) Reserve Bank of India Guidelines of Import of Gold by Nominated Banks
 - 3) Policy and Guidelines prescribed by Directorate General of Foreign Trade.

We have also examined compliance with the applicable clauses/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited, BSE Limited / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation.

1. The Company has not complied with provision of section 149 of the Companies Act, read with Regulation 16(b) and 17 of SEBI (Listing Obligation Disclosure Requirements) Regulation 2015 in respect to the appointment of requisite numbers of Independent Directors and Woman Director till 14.02.2017.
2. The Company has not complied with provision of i) Sections 177 and 178 of the Companies Act, 2013 read with

Regulation 18 and 19 of SEBI (Listing Obligation Disclosure Requirements) Regulation 2015 with respect to constitution of Audit Committee and Nomination and Remuneration Committee till 11.08.2016; and ii) Section 135 of the Companies Act 2013 with respect to constitution of Corporate Social responsibility Committee till 11.08.2016.

3. The Company has not complied with the provisions of Rule 19A of Securities Contracts (Regulations) Rules, 1957 and Regulation 38 of SEBI (Listing Obligation Disclosure Requirements) Regulation 2015.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors subject to above mentioned observation. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has no specific events / actions took place having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Sd/-
Shashikant Tiwari
For Chandrasekaran Associates
Company Secretaries
Membership No. A28994
Certificate of Practice No. 13050

Date: 25.07.2017

Place: New Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

Annexure-A

The Members The State Trading Corporation of India Limited Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
Shashikant Tiwari
For Chandrasekaran Associates
Company Secretaries
Membership No. A28994
Certificate of Practice No. 13050

Date: 25.07.2017

Place: New Delhi

Management's Replies to the Secretarial Auditors' Comments for the Financial Year 2016-17

S.N.	Secretarial Auditor's Comments	Management's Replies
1.	The Company has not complied with provision of section 149 of the Companies Act, read with Regulation 16(b) and 17 of SEBI (Listing Obligation Disclosure Requirements) Regulation 2015 in respect to the appointment of requisite numbers of Independent Directors and Woman Director till 14.02.2017	<p>STC being a Government Company, as per provisions of Article 79 (4) (a) of the Articles of Association of the Company, the President of India have the right to nominate any person for appointment as a Director of the Company.</p> <p>Department of Commerce vide its order dated 15.06.2016 has appointed four independent directors on the Board of the Company who were inducted on the Board w.e.f 03.08.2016. Subsequently, DoC vide its Order dated 27.01.2017, appointed four more Independent Director including one woman director, out of which two were inducted as Directors on the Board w.e.f 14.02.2017. Hence, STC has complied with the provisions of Section 149 and SEBI (LODR) Regulations, 2015 w.e.f. 14.02.2017.</p>
2.	The Company has not complied with provision of i) Sections 177 and 178 of the Companies Act, 2013 read with Regulation 18 and 19 of SEBI (Listing Obligation Disclosure Requirements) Regulation 2015 with respect to constitution of Audit Committee and Nomination and Remuneration Committee till 11.08.2016; and ii) Section 135 of the Companies Act 2013 with respect to constitution of Corporate Social responsibility Committee till 11.08.2016.	Consequent upon appointment of Independent Directors on the Board, with effect from 03.08.2016, the Committees of the Board were reconstituted in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
3.	The Company has not complied with the provisions of Rule 19A of Securities Contracts (Regulations) Rules, 1957 and Regulation 38 of SEBI (Listing Obligation Disclosure Requirements) Regulation 2015.	The Securities & Exchange Board of India has allowed the period upto August, 2017 to the Government Companies to comply with the requirement to have public shareholding of minimum of 25%. Further, as per the information available, Government of India, Department of Commerce, is in the process of disinvestment of its holding in the Company by 15% so as to reduce their holding to 75%.

Sd/-
(Ritu Arora)
Company Secretary
FCS 5270

Sd/-
(Rajiv Chopra)
Director (Marketing) / Addl. Charge of CMD
DIN : 06466326

Date : 16.08.2017
Place : New Delhi

Highlights: Ten Years at a Glance

(₹ in Crore)

PARTICULARS	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Operating Results										
Sales										
Exports	788.86	1110.47	1884.27	1,781.02	1,563.49	344.32	491.93	1,503.79	2,131.88	4,002.06
Imports	6381.69	8735.29	12041.81	13,545.80	17,015.28	29,961.20	18,938.22	19,049.10	16,315.54	10,773.24
Domestic	581.61	633.4	471.13	47.16	119.73	138.78	554.69	955.76	1,338.42	998.82
Total	7752.16	10479.16	14397.21	15,373.98	18,698.50	30,444.30	19,984.84	21,508.65	19,785.84	15,774.12
Profits										
Trading	35.03	33.11	101.64	182.84	118.53	89.73	177.87	144.55	113.06	194.25
Before tax	(148.37)	22.7	31.40	(492.38)	14.42	17.80	79.63	170.93	144.87	176.51
After tax	(165.54)	17.86	26.19	(492.20)	17.95	16.47	56.43	106.95	78.51	124.45
Overheads (Note 1)	134.66	134.61	131.76	159.87	134.04	126.29	145.52	131.73	149.31	100.21
Interest Outgo (Net)	(78.23)	(75.31)	(55.74)	(30.04)	(69.88)	(69.57)	18.43	(137.70)	(184.30)	(73.13)
Dividend	-	-	-	-	12.00	12.00	18.00	28.50	28.50	28.50
Net Worth										
Share Capital	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Reserves	831.25	996.79	978.92	37.73	529.93	621.98	619.46	583.94	510.29	464.89
Less : Revaluation Reserve	872.05	884.62	897.51							
Total	19.20	172.17	141.41	97.73	589.93	681.98	679.46	643.94	570.29	524.89
Bank Borrowings	1,657.08	1439.44	1304.14	1,287.80	1,505.39	2,030.32	1,549.09	2,467.85	2,377.32	1,098.66
Working Capital (Note 2)										
Inventories	39.70	0.42	5.50	0.97	43.50	543.71	1,313.75	567.01	1,463.74	647.62
Trade Receivables	2,112.49	2640.98	2425.25	1,968.44	2,289.11	3,454.85	4,507.94	6,610.96	5,558.53	5,783.80
Other (Net)	(1,988.23)	(2,477.75)	(2,108.23)	(1,841.76)	(2,111.53)	(3,826.51)	(3,718.43)	(4,197.57)	(4,176.51)	(4,983.23)
Total	163.96	163.65	322.52	127.65	221.08	172.05	2,103.26	2,980.40	2,845.76	1,448.19
Capital Employed	891.25	1056.78	1038.71	97.42	589.62	681.67	676.43	640.91	567.25	434.17
Significant Ratios										
Trading Profit : Sales (%)	0.45	0.32	0.71	1.19	0.63	0.29	0.89	0.67	0.57	1.23
Profit Before Tax : Sales (%)	(1.91)	0.22	0.22	(3.20)	0.08	0.06	0.40	0.79	0.73	1.12
Profit Before Tax : Networth (%)	(772.76)	13.18	22.20	(503.82)	2.44	2.61	11.72	26.54	25.40	33.63
Sales : Capital Employed (Times)	8.70	9.92	13.86	157.81	31.71	44.66	29.54	33.56	34.88	36.33
Inventories : Sales (%)	0.51	0.00	0.04	0.01	0.23	1.79	6.57	2.64	7.40	4.11
Trade Receivables : Sales (%)	27.25	25.20	16.85	12.80	12.24	11.35	22.56	30.74	28.09	36.67
Overheads : Sales (%)	1.74	1.28	0.92	1.04	0.72	0.41	0.73	0.61	0.75	0.64

Note 1 : Overheads excludes Rent related expenditure from 2011-12 onwards

Note 2 : Excludes Non Current Items from 2011-12 onwards



STANDALONE FINANCIAL RESULTS 2016-17

INDEPENDENT AUDITOR'S REPORT

To the Members of

The State Trading Corporation of India Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **THE STATE TRADING CORPORATION OF INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of Company's ten branches at Agra, Ahmedabad, Bangalore, Bhopal, Chennai, Cochin, Hyderabad, Jalandhar, Kolkata and Mumbai.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Basis for Qualified Opinion

(i) Reference is invited to Note no. 22.1 and 27.1, Trade receivable includes ₹1904.24 crore and other income includes interest of ₹231.93 crore booked during the current year on over dues from one of the business associates on account of goods supplied in earlier years. The dues are stated to be secured by EMD of ₹29.73 crore and personal guarantee of chairman of its holding company. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of ₹70.18 crore on the directions of Hon'ble Supreme Court. Considering the poor recovery, non-availability of security, dispute by party with respect to interest charged, and age of outstanding dues, interest income should not be recognized as per provisions of Accounting Standard - 9 issued by ICAI. Had the company de-recognized the interest income, net loss of current year would have been higher by ₹231.93 crore, reserve & surplus and trade receivable would have been lower by ₹231.93 crore.

Considering the overall circumstances surrounding the recoverability of outstanding dues of ₹1904.24 crore, we are not in a position to ascertain whether the amount is fully recoverable or not. We are informed by the management that petition for execution of decree as per Conciliation Agreements under the Arbitration and Conciliation Act, 1996 has been filed before the Hon'ble Supreme Court wherein it has been held that decree is final. The party has submitted payment proposal before the Hon'ble Apex Court which is still subjudice before the Hon'ble Apex Court. Cases U/s 138 of Negotiable Instruments Act are

also filed by the company before the Hon'ble High Court Delhi. The Enforcement Directorate and CBI are also investigating into the matter about cheating and fraud done by the party. We have also been provided affirmative Board Resolution dt. 14.02.2017 and out come date 30.05.2017 that all possible efforts are extended for recovery of the dues through legal process and company is assured of recovering the dues.

- (ii) Reference is invited to Note no.25.1, ₹7.81 crore is recoverable from HHEC and inspite of various assurances HHEC has not made the payment and in its latest letter dt. 08.02.2017, HHEC has stated that Company's position is still precarious as order position has not improved and new business visualized are not forthcoming etc. and HHEC has approached its Administrative Ministry for looking into matter and to extend financial support. The Company has also not obtained any balance confirmation from HHEC. Considering the above, provision should be made for the amount recoverable from HHEC. Had the company made provision of said recoverable, net loss of current year would have been higher by ₹7.81 crore, reserve & surplus and claims recoverable (current assets) would have been lower by ₹7.81 crore.
- (iii) Mumbai branch auditor has reported that debit balances appearing in Bhopal branch pertaining to security deposit and loans & advances of ₹0.19 crore has not been written off due to pending approval from Corporate Office. Had the company written off these balances, net loss of current year would have been higher by ₹0.19 crore, reserve & surplus and deposits and loans & advances would have been lower by ₹0.19 crore.

Emphasis of Matters

We draw attention to the following matters in the Notes to the standalone financial statements:

- a) Reference is invited to Note no.18.1 regarding trade advance of ₹87.39 crore recoverable from one of parties against which the company has initiated legal actions including criminal proceedings. Pending outcome of legal steps initiated for recovery, full provision of ₹87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of ₹110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the party and hearing is pending before Hon'ble High Court, New Delhi.
- b) Reference is invited to Note no. 19.1, regarding long term trade receivable ₹568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of ₹527.86 crore has been admitted by the liquidator and decree for ₹62.47 crore by Hon'ble High Court Mumbai. There is however corresponding credit balance of ₹568.44 crore under trade payables. Management does not anticipate any liability on this account.
- c) Reference is invited to Note no. 19.2, regarding long term trade receivable of ₹787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹342.19 crore are available, leaving net receivable of ₹445.46 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution, full provision of ₹445.46 crore being net receivable, has been made in earlier year.
- d) Reference is invited to Note no. 19.3, regarding long term trade receivables of ₹41.92 crore on account of export of agro commodities to foreign buyers through Indian business associates against which credit balance of ₹41.92 crore is available under trade payable. The foreign buyer defaulted in making payment and upon non-receipt of the dues from business associate, the Company has initiated necessary legal steps against business associates for recovery. Considering the legal enforceability of the agreement and corresponding credit of ₹41.92 crore, no provision is considered necessary.
- e) Reference is invited to Note no. 19.4, regarding long term trade receivables of ₹9.83 crore (net of provision for diminution in value of stock) recoverable from one of the business associates for goods sold in earlier years. The overdue is secured by pledge of stocks in favour of STC. Upon non-payment of overdue receivables, legal actions have been initiated against the business associate u/s 138 of Negotiable Instruments Act, 1881 and civil hearings are in progress. Another PSU company MSTC had made a claim in respect of ownership of some of the pledged stock sold by the STC to business associate. As on balance sheet date, the pledged stock has been valued at ₹9.83 crore by approved valuer and STC is awaiting further direction from Hon'ble Mumbai High Court.
- f) Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹48.57 crore due from one of the Business Associates for goods sold in earlier years. The Company has filed winding up petition which has now been transferred to NCLT Kolkata. Proceedings u/s 340 of CRPC is under progress at Balasore District Court. The business associate has paid a sum of ₹10 crore during the year and another ₹7 crore before the approval of financial statements. As a measure of abundant caution, provision of ₹41.57 crore has been made in current year.
- g) Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the years 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. As a matter of prudence, provision of ₹10.21 crore has been made in current year.

- h) Reference is invited to Note no. 19.9, regarding long term trade receivable of ₹122.95 crore from one of the business associate for goods sold in the earlier years which is overdue. Negotiation with a PSU for selling of the stocks, which has acquired the plant and machinery, is under progress. As a matter of prudence, full provision for ₹122.95 crore has been created during the current year.
- i) Reference is invited to Note no. 19.11 regarding long term trade receivables of ₹17.28 crore recoverable from one of the business associates for goods sold in earlier years. Criminal complaints u/s 138 of Negotiable Instruments Act, 1881 and contempt application filed before Hon'ble High Court, New Delhi are under progress against the business associate. As a matter of prudence, provision for full amount of ₹17.28 crore has been made in current year.
- j) Reference is invited to Note no. 22.2, regarding trade receivables of ₹10.53 crore recoverable from one of the Business Associates for sale of coal. A provision of ₹3.33 crore has been made in the current year. The balance dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. The Company has filed legal and criminal case against Business Associate.
- k) Reference is invited to Note no. 22.4, regarding trade receivables of ₹64.23 crore for urea supplied to Department of Fertilizers (DOF). The payments have been withheld on account of quality parameters. The matter has been taken up with DOF and DOF has referred the matter to Ministry of Law for opinion. Consequently PBG of foreign suppliers amounting to ₹20.56 crore has been invoked. The matter is being continuously pursued with DOF for immediate settlement of the issues and release of payments. In view of above, no provision is considered necessary.
- l) Reference is invited to Note no. 45(b), regarding contingent liability of ₹88.01 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble High Court New Delhi and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was under taken on their behalf. In view of the above, no provision is considered necessary.
- m) Reference is invited to Note no. 45(c), regarding contingent liability of ₹74.92 crore along with interest payable to a foreign supplier on account of import of Urea in earlier years as per majority arbitration award passed in favour of foreign supplier. The company has filed an appeal against the majority arbitration award in the Hon'ble Delhi High Court. In view of above, no provision is considered necessary.
- n) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation. Our opinion is not modified in respect of these matters.

Qualified Opinion

In our opinion and to the best of our information, according to the explanations given to us and except for the matters described in the Basis for Qualified Opinion paragraph referred above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017 and its loss and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements/information of ten branches included in the standalone financial statements of the Company whose financial statements/financial information reflect total assets of ₹1297.59 crore as at 31st March, 2017 and total revenues of ₹3747.40 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors and management replies to the observations of the branch auditors.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our observations, reports received from branch auditors in respect of branches not visited by us, and explanations received from management, we give in the Annexure 'A' statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except certain records/information at Mumbai branch, and balance confirmation of parties as mentioned in para no. (n) above under Emphasis of Matters.
 - (b) Except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us,

- however the system of maintaining stock records by branch with respect to goods kept with third party need to be ensured.
- (c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by the branch auditors have been sent to us alongwith management replies to the observations of the branch auditors and have been properly dealt with by us in preparing this report.
 - (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
 - (e) Except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
 - (f) The matters described in the Basis of Qualified Opinion paragraph above, in our opinion may have an adverse effect on functioning of the company
 - (g) Being a Government Company, section 164(2) of Companies Act, 2013 regarding whether any director is disqualified from being appointed as a director is not applicable to the Company in view of notification no. G.S.R.463 (E) dt. 05.06.2015.
 - (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B', and
 - (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note No. 18.1, 19.1 to 19.06, 19.09, 19.11, 22.1, 22.2, 45 & 46 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Note no. 23.1.
3. As required by C&AG of India through directions issued under Section 143(5) of the Act, we give a report in the attached Annexure 'C'.

For P. Jain & Company
Chartered Accountants
Firm Regn. No.000711C

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

Place : New Delhi
Date : 30th May, 2017

ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT

Re: The State Trading Corporation of India Limited

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except that absence of proper tagging at Mumbai Branch, proper records not maintained at Agra branch and updation of fixed asset register at Corporate Office.
- (b) The fixed assets were physically verified by the management during the year. We have been informed that no material discrepancies were noticed on such physical verification wherever done, except at Mumbai branch where the management is in process of reconciling the discrepancies noticed on such physical verification and at Corporate Office where certain assets having book value of ₹8.72 crore pending for verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for immovable properties referred to in Annexure- E whose title deeds are not held in the company's name.
2. As explained to us, verification of inventories undertaken by the Company through surveyor from time to time. In respect of the goods in the custody of third parties, certificate is obtained from the Clearing & Handling Agents or the warehousing corporation or from the concerned parties.
3. As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clauses (iii)(a), (b) & (c) of paragraph 3 of the Order are not applicable to the Company.
4. According to the information and explanations given to us, the Company has not given any loans, or made any investments or provided any guarantees or security to the parties covered under sections 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits from the public during the year and consequently, the directives issued by Reserve Bank of India, the provisions of sections 73 to 76 of the Act and rules framed there under are not applicable to the Company. However certain old amount are outstanding in advances from customers/credit balance in customer account which as explained to us is immaterial and is subject to reconciliation and adjustment, if any.
6. As informed by the management, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act for the Company.
7. (a) According to the records of the Company, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have been generally regularly deposited with the appropriate authorities. There were no undisputed amounts payables in respect of the aforesaid dues which were outstanding as at 31st March, 2017 for a period of over six months from the date they became payable except ₹0.01 crore professional tax payable at Mumbai branch.
- (b) According to the information and explanations given to us, there are following disputed statutory dues aggregating ₹1.73 crore on account of Income tax, ₹771.57 crore on account of Sales tax/VAT and ₹49.49 crore on account of Service tax which have not been deposited.

Name of the statute (₹ in Crore)	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax				
Income Tax Act	Income Tax	1.73	2008-09	DCIT, Delhi
Sales Tax				
TNGST/AST/CST (Chennai Branch)	Sales Tax (incl. penalty)	0.83	1974-75, 1975-76, 1985-86 to 1987-88, 1989-90 & 1991-92	Hon'ble Madras High Court
Central Sales Tax Act (Chennai Branch)	Central Sales Tax	0.01	1987-88	Appellate Tribunal
Central Sales Tax Act (Bengaluru Branch)	Central Sales Tax	0.08	2014-15	Asstt. Commissioner Commercial Tax
Bihar Sales Tax Act (Kolkata Branch)	Sales Tax	0.01	1989-90	Sales Tax Appellate Tribunal
Central Sales Tax Act (Kolkata Branch)	Central Sales Tax	0.07	1981-82	Assessing Officer

Name of the statute (₹ in Crore)	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Sales Tax				
Orrisa Sales Tax Act (Kolkata Branch)	Sales Tax	0.01	1988-89	Commissioner (Appeals), Orissa
Central Sales Tax Act (Kolkata Branch)	Central Sales Tax	0.02	1993-94 to 1995-96	Hon'ble Assam High Court
Central Sales Tax Act (Kolkata Branch)	Central Sales Tax	0.23	2003-04	Joint Commissioner, Sales Tax
Delhi VAT Act	Sales Tax	0.02	2010-11	VAT Officer
Delhi VAT Act	Sales Tax	2.33	2008-09	VAT Officer
Maharashtra Sales Tax Act (Mumbai Branch)	BST (Sales Tax)	0.69	1992-93 to 1996-97	Maharashtra Sales Tax Tribunal
Maharashtra Sales Tax Act (Mumbai Branch)	BST/CST/MVAT	*476.75	1993-94, 2000-01, 2003-04, 2004-05, 2006-07 & 2009-10 to 2011-12	Joint Commissioner, Sales Tax
Maharashtra Sales Tax Act (Mumbai Branch)	CST/WCT	*290.52	2008-09 & 2012-13	Deputy Commissioner, Sales Tax

* including ₹720.18 crore against which stay order has been received

Name of the statute	Nature of dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
Service Tax				
Finance Act, 1994 (Kolkata Branch)	Service Tax	7.29	2005-06 & 2006-07	CESTAT*
Finance Act, 1994	Service Tax	7.96	2007-08 to 2013-14	Commissioner Service Tax
Finance Act, 1994	Service Tax	3.54	2014-15	Principal Commissioner Service Tax
Finance Act, 1994 (Mumbai Branch)	Service Tax	16.54	01.10.2004 to 31.03.2011	Service Tax Appellate Tribunal Mumbai
Finance Act, 1994 (Mumbai Branch)	Service Tax	0.13	01.04.2011 to 31.03.2012	Service Tax Appellate Authority Mumbai
Finance Act, 1994 (Mumbai Branch)	Service Tax	**14.03	01.04.2012 to 31.03.2014	Service Tax Assessing Authority Mumbai

* Appeal to be filed

** Show cause notice received

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks except default at Mumbai branch as mentioned below. The Company does not have any loans or borrowing from any financial institution or government or dues to debenture holders during the year.

Name of the bank/ financial institution	Amount of instalment/ interest due (₹ In Crore)	Due date	Date of payment	Delay (days)
Exim Bank (Instalment)	10.00	01.04.2016	03.04.2016	2
Exim Bank (Instalment)	10.00	01.07.2016	02.07.2016	1
Exim Bank (Interest)	1.51	02.05.2016	03.05.2016	1
Exim Bank (Interest)	1.48	01.06.2016	07.06.2016	6
Exim Bank (Interest)	1.44	01.08.2016	02.08.2016	1
Exim Bank (Interest)	1.33	01.11.2016	04.11.2016	3

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) except renewal of term loan of ₹156.28 crore for working capital from Exim Bank during the year.
10. According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit except a case of conspiracy, cheating, fraud and misappropriation of stocks during the year 2004 to 2016 by a business associate having outstanding balance of

₹1904.24 crore under overseas trade. It was informed that criminal complaint was lodged with Central Bureau of Investigation, New Delhi on 14.03.2017 and the matter is under investigation.

11. In our opinion and according to the information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are generally in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934

For P. Jain & Company
Chartered Accountants
Firm Regn. No.000711C

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

Place : New Delhi
Date : 30th May, 2017

ANNEXURE-'B' TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of The State Trading Corporation of India Limited ("the Company") as on 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting (IFCFR)

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

- (i) Following design gap are noticed in IFCFR such as lawyer's certificate not taken in litigation cases, monitoring and record keeping of pledged/owned inventory not maintained, manual invoicing and absence of track record for invoicing, ageing analysis and reconciliation with vendors not reviewed, no policy for credit evaluation and customer acceptance, manual

calculations for leaves, no HR Software, acknowledgement by the user not taken for receipt of fixed assets of required specification, compliance calendar not documented, absence of review mechanism, job responsibilities not defined, rules and regulations not authenticated by authorized signatory, IT policy not documented, disaster management plan not documented, no data backup for divisions other than corporate accounts, data backup of accounting records not maintained for branches.

- (ii) With respect to Mumbai branch of the Company, the branch auditor has reported certain material weaknesses in internal financial control over financial reporting such as inadequate- IT & general controls, internal control system with regards to pledged inventory, customer acceptance & credit evaluation, internal audit coverage, large financial exposure in litigated matters & pending statutory litigation involving tax demands, financial reporting system, delay in booking of expenses and compliance with statutory dues etc.
- (iii) With respect to Cochin branch of the company, the branch auditor has reported that payment to caradmom planters during the period upto 08.11.2016 was made by way of bearer cheques which is against the principal of effective internal financial control.
- (iv) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, the Company has, except for effects of the material weaknesses described above on achievement of the objectives of the control criteria, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to ten branches at Agra, Ahmedabad, Bangalore, Bhopal, Chennai, Cochin, Hyderabad, Jalandhar, Kolkata and Mumbai is based on the corresponding reports of the auditors of such branches and management replies to the observations of the branch auditors.

For P. Jain & Company
Chartered Accountants
(Firm Regn. No. 000711C)

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

Place : New Delhi
Date : 30th May, 2017

ANNEXURE-'C' TO THE INDEPENDENT AUDITORS' REPORT

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of The State Trading Corporation of India Limited (Standalone) for the year 2016-17 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

Sl. No.	Area Examined	Observation/Finding
1	Whether the company has clear title/lease deeds for freehold and leasehold land for which title/lease deeds are not available.	Refer Annexure 'D' below.
2	Whether here are any cases of waiver/write off of debts/ loans/interest etc., if yes, the reasons there for and amount involved.	₹0.81 crore written off as these were old cases, remote possibility of recovery, necessary approval have been taken from the competent authority.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant from the Government or other authorities.	As reported by Mumbai branch auditor, no stock records are maintained by the branch for stock lying with third party. Records are maintained at the godown by the custodian.

Annexure 'D'

S. No.	Location of Property	Property Description	Document Found	Area
1	New Delhi	Land & Building at Jawahar Vyapar Bhawan, Tolstoy Marg (Office Building)	Agreement for lease	2.559 Acre
2	New Delhi	STC /MMTC Housing Colony, Aurbindo Marg	Agreement (true copy)	Not yet bifurcated between STC, MMTC & HHEC
3	Mumbai	6 no. flats at Sai Darshan Apartment, Santacruz (W)	Confirmation Deed	3984 Sq. ft.
4	New Delhi	8 no. flats at AGVC Complex	Execution of Lease Deed pending	14424 Sq. ft.
5	Mumbai	Flat-13, Las Palmas, Malbar Hill	Share certificate in name of the Company but original agreement not available	2311 Sq. ft.
6	Mumbai	2 Flats- 1001 & 1103, Wallace Apt., Grant Road	Share certificate in name of the Company but original agreement not available	2560 Sq. ft.
7	Mumbai	Flat-7, Shyam Sadan, Khar	Share certificate in name of the Company but original agreement not available	750 Sq. ft.
8	Mumbai	3 Flats-5A, 9A and 10B, Mandar Apartments, Ville Parle (E)	Share certificate in name of the Company but original agreement not available	2350 Sq. ft.

Annexure 'E' to the Independent Auditors' Report

Title deeds of properties not held in the name of the Company

S. No.	Location of Property	Property Description	Audit Observation	Area	Gross Block after revaluation (₹ in crore)
1	New Delhi	(i) Land & Building at Jawahar Vyapar Bhawan, Tolstoy Marg (Office Building) (ii) STC /MMTC Housing Colony, Aurbindo Marg	Process of issuance of sub divided lease deeds in the name of company and its co-owners pending.	2.559 Acre	548.33 (land) 185.91 (Building)
2	New Delhi	8 no. flats at AGVC Complex	Execution of Lease Deed pending.	14424 Sq. ft.	28.42
3	Mumbai	6 no. flats at Sai Darshan Apartment, Santacruz (W)	Registration of conveyance deeds pending	3984 Sq. ft.	33.19

S. No.	Location of Property	Property Description	Audit Observation	Area	Gross Block after revaluation (₹ in crore)
4	Mumbai	Flat-13, Las Palmas, Malbar Hill	Share certificate in name of the Company but original agreement not available	2311 Sq. ft.	15.97
5	Mumbai	2 Flats- 1001 & 1103, Wallace Apt., Grant Road	Share certificate in name of the Company but original agreement not available	2560 Sq. ft.	10.06
6	Mumbai	Flat-7, Shyam Sadan, Khar	Share certificate in name of the Company but original agreement not available	750 Sq. ft.	2.21
7	Mumbai	3 Flats-5A, 9A and 10B, Mandar Apartments, Ville Parle (E)	Share certificate in name of the Company but original agreement not available	2350 Sq. ft.	4.94

COMPLIANCE CERTIFICATE

We have conducted the audit of Standalone financial statements of The State Trading Corporation of India Ltd. for the year ended March 31, 2017 in accordance with the directions/sub-directions issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013 and certify that to the best of knowledge and belief we have complied with all the directions/sub-directions issued to us.

For P. Jain & Company
Chartered Accountants
Firm Regn. No. 000711C

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

Place : New Delhi
Date : 30.05.2017

BALANCE SHEETS AS AT 31ST MARCH, 2017

(Amount in ₹ Crore)

Particulars	NOTE NO.	As at 31st March, 2017	As at 31st March, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	60.00	60.00
(b) Reserves & Surplus	2	831.25	996.79
(c) Money received against share warrants	3	-	-
(2) Share application money pending allotment	4	-	-
TOTAL (1+2)		891.25	1,056.79
(3) Non-Current Liabilities			
(a) Long-term borrowings	5	146.28	-
(b) Other long term liabilities	6	1,048.57	1,137.69
(c) Long-term provisions	7	108.14	103.71
TOTAL (3)		1,302.99	1,241.40
(4) Current Liabilities			
(a) Short-term borrowings	8	1,510.80	1,439.44
(b) Trade Payables :	9		
(i) Total outstanding dues of micro enterprises & small enterprises		-	0.01
(ii) Total outstanding dues of creditors other than micro enterprises & small enterprises		173.20	646.76
(c) Other current liabilities	10	385.87	447.91
(d) Short-term provisions	11	20.06	15.95
TOTAL (4)		2,089.93	2,550.07
Total		4,284.17	4,848.26
II. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	12	931.24	945.27
(b) Intangible Assets	13	0.02	0.03
(c) Capital Work In Progress	14	0.97	0.48
(d) Intangible Assets under development	15	0.01	-
(e) Non-Current investments	16	0.01	0.01
(f) Deferred tax assets (net)	17	73.01	73.01
(g) Long-term loans and advances	18	18.70	21.60
(h) Other non-current assets	19	1,006.32	1,094.14
TOTAL (1)		2,030.28	2,134.54
(2) Current Assets			
(a) Current investments	20	-	-
(b) Inventories 21	39.70	0.42	
(c) Trade receivables	22	2,112.49	2,640.98
(d) Cash and bank Balances	23	9.21	9.60
(e) Short-term loans and advances	24	49.29	41.25
(f) Other current assets	25	43.20	21.47
TOTAL (2)		2,253.89	2,713.72
Total		4,284.17	4,848.26

Significant Accounting Policies

44

Other Notes

45-56

Notes referred to above form an integral part of Financial Statements.

As per our report of even date attached

For P. JAIN & COMPANY

Chartered Accountants
Firm Reg. No. 000711C

Sd/-

(PANKAJ JAIN)

Partner
M. No. 097279
Place: New Delhi
Dated: 30.05.2017

Sd/-

(RAJIV CHOPRA)

Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-

(B R DHAWAN)

Chief General Manager- Finance

Sd/-

(S.K. SHARMA)

Director (Personnel) with additional
charge of Director (Finance)
DIN - 06942536

Sd/-

(RITU ARORA)

Company Secretary
FCS-5270

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in ₹ Crore)

Particulars	NOTE NO.	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Income-			
I. Revenue from operations	26	7,814.49	10,601.05
II. Other income 27	271.83	254.70	
III. Total Revenue (I+II)		8,086.32	10,855.75
Expenses-			
a) Cost of materials consumed	28	0.04	0.09
b) Purchases of stock-in-Trade	29	7,815.55	10,560.40
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	(39.25)	4.89
d) Employee benefits expense	31	103.48	101.02
e) Finance costs 32	158.93	152.11	
f) Depreciation and amortisation expense	33	15.77	15.88
g) Other expenses ³⁴	34.30	36.15	
IV. Total expenses (a+b+c+d+e+f+g)		8,088.82	10,870.54
V. Profit before exceptional and extraordinary items and tax (III-IV)		(2.50)	(14.79)
VI. Exceptional items - Debit/(Credit)	35	143.73	(23.78)
VII. Profit before extraordinary items and tax (V-VI)		(146.23)	8.99
VIII. Extraordinary items 36	-	-	
IX. Prior Period Adjustment Net - (Debit)/Credit	37	(2.14)	13.71
X. Profit before tax (VII-VIII+IX)		(148.37)	22.70
XI. Tax expense:			
(1) Current tax 38	16.60	5.15	
(2) Tax relating to earlier years		0.57	(0.31)
(3) MAT Credit Entitlement		-	-
(4) Deferred tax 39	-	-	
Total Tax Expense (XI)		17.17	4.84
XII. Profit (Loss) for the period from continuing operations (X-XI)		(165.54)	17.86
XIII. Profit (loss) from discontinuing operations	40	-	-
XIV. Tax expense of discontinuing operations	41	-	-
XV. Profit (loss) from discontinuing operations after tax (XIII-XIV)		-	-
XVI. Profit (Loss) for the period (XII +XV)		(165.54)	17.86
XVII. Earnings per equity share			
(1) Basic (in ₹)	42	(27.59)	2.98
(2) Diluted (in ₹)	43	(27.59)	2.98

Significant Accounting Policies

44

Other Notes

45-56

Notes referred to above form an integral part of Financial Statements.
As per our report of even date attached

For P. JAIN & COMPANY

Chartered Accountants
Firm Reg. No. 000711C

Sd/-
(PANKAJ JAIN)

Partner
M. No. 097279

Place: New Delhi
Dated: 30.05.2017

Sd/-
(RAJIV CHOPRA)
Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-
(B R DHAWAN)
Chief General Manager - Finance

Sd/-
(S.K. SHARMA)
Director (Personnel) with additional
charge of Director (Finance)
DIN - 06942536

Sd/-
(RITU ARORA)
Company Secretary
FCS-5270

THE STATE TRADING CORPORATION OF INDIA LIMITED
CIN L74899DL1956GOI002674
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in ₹ Crore)

Particulars	For the Year Ended 31st March, 2017		For the Year Ended 31st March, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax & Extraordinary Items	(146.23)		8.99	
Adjustment for:				
-Interest on working capital loans	158.65	-	150.84	
-Depreciation	15.77	-	15.88	
-Net write back of Debts/Advances/claims	172.01	-	(11.82)	
-Income/Expenditure relating to let out property	(33.47)	-	(26.06)	
-Loss on sale of asset	0.08	-	0.02	
-Liabilities written back	(73.26)	-	(12.15)	
-Profit on sale of assets	(0.80)	-	(0.03)	
-Net Write off Assets	-	-	0.01	
-Provision for Investment	-	238.98	0.20	116.89
Operating Profit Before Working Capital Changes		92.75		125.88
Adjustment for:				
-Amount paid towards CSR activities		(0.07)		(0.23)
-Trade and other receivables		404.96		(189.62)
-Inventories		(39.28)		5.07
-Trade and other payables		(382.00)		(97.93)
Changes In Working Capital		76.36		(156.83)
Income tax paid		(4.70)		(9.08)
Cash Flow Before Prior Period Items		71.66		(165.91)
Prior period adjustment		(2.14)		13.71
Net Cash Generated/Used In Operating Activities (A)		69.52		(152.20)
B CASH FLOW FROM INVESTING ACTIVITIES:				
-Purchase of Fixed Assets		(2.71)		(1.77)
-Sale of Fixed Assets		1.20		0.06
-Proceeds recd. On maturity of fixed deposits		(1.02)		3.76
-Interest received on Fixed Deposits		-		0.18
-Let out properties (net)		33.47		26.06
Net Cash From Investing Activities (B)		30.94		28.29
C CASH FLOW FROM FINANCING ACTIVITIES :				
-Dividend paid (including Dividend Tax)		-		-
-Increase in Working Capital Loan(net)		56.78		281.78
-Interest Paid		(158.65)		(150.84)
Net Cash From Financing Activities (C)		(101.87)		130.94
Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)		(1.41)		7.03

THE STATE TRADING CORPORATION OF INDIA LIMITED
CIN L74899DL1956GOI002674
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in ₹ Crore)

Particulars	For the Year Ended 31st March, 2017		For the Year Ended 31st March, 2016	
Reconciliation of Cash & Cash Equivalents				
Closing Cash & Bank Balances as per Balance Sheet		7.00		8.41
Opening Cash & Bank Balances as per Balance Sheet		8.41		1.38
Cash & Bank Balances as per Cash Flow Statement		(1.41)		7.03
Cash & cash equivalents as per Balance Sheet		9.21		9.60
Less : Non readily convertible Bank Deposits		2.21		1.19
Cash & cash equivalents as per cash flow statement		7.00		8.41
Cash & cash equivalents includes unpaid dividend		0.11		0.20

Significant Accounting Policies
Other Notes

44
45-56

Notes referred to above form an integral part of Financial Statements
As per our report of even date attached

For P. JAIN & COMPANY
Chartered Accountants
Firm Reg. No. 000711C

Sd/-
(PANKAJ JAIN)
Partner
M.NO. 097279

Place : New Delhi
Dated : 30.05.2017

Sd/-
(RAJIV CHOPRA)
Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-
(B R DHAWAN)
Chief General Manager-Finance

Sd/-
(S.K. SHARMA)
Director (Personnel) with
additional charge of
Director (Finance)
DIN - 06942536

Sd/-
(RITU ARORA)
Company Secretary
FCS-5270

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE NO. 1 SHARE CAPITAL

(Amount in ₹ Crore)

		As at 31st March 2017	As at 31st March 2016		
I)	Authorized Share Capital				
	200,000,000 Equity Shares having face value of ₹10/- each	200.00	200.00		
II)	Issued, Subscribed & Fully Paid up				
	60,000,000 Equity shares having face value of ₹10/- each	60.00	60.00		
III)	Details of Bonus Issue during the preceding five years : -----NIL-----				
IV)	Equity shares issued and subscribed do not enjoy any differential rights				
V)	Reconciliation of no. of shares :				
	Class of share capital	Opening as at 01.04.2016	issued during the year	Shares bought back during the year	Closing as at 31.03.2017
	Equity share of ₹10/- each	60,000,000	-	-	60,000,000
	Previous Year	60,000,000	-	-	60,000,000
VI)	Details of Share holders holding more than 5% shares				
S. No.	Name	31.03.2017	31.03.2016	31.03.2017	31.03.2016
		No. of shares held		% of shares held	
1	Govt. of India	54,000,000	54,000,000	90.00	90.00

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE NO. 2 RESERVES & SURPLUS

(Amount in ₹ Crore)

Particulars	Balance as at 01.04.2016	Additions	Deductions/ Appropriation	Balance as at 31.3.2017
Capital Reserve	1.00	-	-	1.00
Bonus Reserve*	-	-	-	-
Exchange Fluctuation Reserve	6.50	-	-	6.50
Revaluation Reserve (Refer Note no. 12.3)	884.62	-	12.57	872.05
General Reserve	59.86	12.57	-	72.43
Surplus	44.81	(165.54)	-	(120.73)
Total	996.79	(152.97)	12.57	831.25
Previous Year	978.92	30.76	12.89	996.79
			2016-17	2015-16
2.1 Details of Addition to Surplus				
Current Year Profit After Tax			(165.54)	17.86
Transfer from Export/Import Contingency Reserve			-	-
Transfer from General Reserve			-	-
Transfer to Retained Earnings on account of depreciation as per Co's Act 2013			-	0.01
Transfer from Bonus Reserve*			-	-
			(165.54)	17.87
			2016-17	2015-16
2.2 Details of Deduction/Appropriation from Surplus				
Proposed Dividend			-	-
Tax on Dividend			-	-
Transfer to General Reserve			-	-
Transfer to Export/Import Contingency Reserve			-	-
Transfer to Bonus Reserve*			-	-
			-	-
2.3 Details of Negligible Value				
Particulars	Balance as at 01.04.2016	Additions	Deductions/ Appropriation	Balance as at 31.3.2017
*Bonus Reserve (₹)	30,370	12,349	11,955	30,764
2.4 Bonus reserve represents "Set On" available under the Payment of Bonus Act, 1965.				
2.5 Deductions from Bonus Reserve represents amount transferred to Statement of Profit & Loss being "Set Off" as per the Payment of Bonus Act, 1965.				
2.6 Details of Addition to General Reserve			2016-17	2015-16
Transfer from Revaluation Reserve on account of additional depreciation due to revaluation			12.57	12.89
			12.57	12.89
NOTE NO. 3 MONEY RECEIVED AGAINST SHARE WARRANTS				
Particulars	As at 31st March 2017		As at 31st March 2016	
Money received against share warrants	-		-	

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE NO. 4 SHARE APPLICATION MONEY PENDING ALLOTMENT

(Amount in ₹ Crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Share application money pending allotment	-	-

NON-CURRENT LIABILITIES

NOTE NO. 5 LONG TERM BORROWINGS

Particulars	As at 31st March, 2017	As at 31st March, 2016
I. Term Loans		
- From banks - Secured	146.28	-
TOTAL	146.28	-
5.1 Term Loan from Bank is secured against current assets of the company on pari-passu basis		
5.2 Maturity and interest profile of loans		
Rate of Interest 9.75%	Non Current 2018-19	Current 2017-18
	146.28	10.00

NOTE NO. 6 OTHER LONG TERM LIABILITIES

Trade Payables		
a. Bill acceptances	12.28	12.64
b. Sundry creditors	-	
- Micro, small & medium enterprises	-	-
- Others	978.19	1,000.52
Total Trade Payables (a+b)	990.47	1,013.16
Others		
a. Customers at credit	19.89	15.95
b. Advance from customers	1.81	1.81
c. Other liabilities		
- Outstanding liabilities for goods & services received	8.85	75.71
- Stale Cheques	0.04	0.04
- Deposits	9.10	8.83
- Security deposits	3.93	3.33
- Earnest money deposits	3.85	4.82
Total Others (a+b+c)	47.47	110.49
d. Employees' dues:-		
Pay & Allowances	-	0.06
Other expenses	0.01	-
Dues to employees on accrual basis	-	-
Encashment of earned leaves (Refer Note no. 53)	10.62	13.98
Undisbursed salary	-	-
Total Employees' cost payable	10.63	14.04
f. Remittances:-		
STC's Employees Union	-	-
Thrift Society	-	-
Total Remittances	-	-
Total (Others)	58.10	124.53
TOTAL OF NOTE NO. 6	1,048.57	1,137.69

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

6.1 Details in respect of dues to micro, small & medium enterprises based on information available with the Company.

a. Principal Amount due & remaining unpaid	-	-
b. Interest due on above and the unpaid interest	-	-
c. Interest paid by the buyer beyond appointed day during the accounting year	-	-
d. Amount of interest accrued & remain unpaid at the end of the accounting year	-	-
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	-	-

6.2 Current liabilities include amount payable to UP Government of ₹6.03 crore (net of claim recoverable ₹2.62 crore) adjustable against various claims of interest and carrying charges amounting to ₹33.82 crore made by STC upon UP Government.

NOTE NO. 7

LONG TERM PROVISIONS

Particulars	As at 31st March, 2017	As at 31st March, 2016
Provision for employees' benefits (Refer Note no. 53)		
Encashment of Half pay leave	11.21	11.80
Post retirement medical benefits	95.59	90.51
Long service award	1.34	1.40
Total	108.14	103.71

CURRENT LIABILITIES

NOTE NO. 8

SHORT TERM BORROWINGS:-

I. Working Capital Loans		
a. From banks		
- Cash Credit	1,310.80	1,435.23
- Working Capital Demand Loan	200.00	-
- Working Capital Term Loan	-	
- Buyers Credit	-	4.21
TOTAL	1,510.80	1,439.44
8.1 Break Up of Working Capital Loan		
- Secured	1,510.80	1,439.44
- Unsecured	-	-
TOTAL	1,510.80	1,439.44

8.2 Working Capital Loans from banks are secured by pari-passu charge over current assets of the company.

NOTE NO. 9

TRADE PAYABLES

(i) Total outstanding dues of micro enterprises and small enterprises	-	0.01
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
a. Bill acceptances	-	2.64
b. Sundry creditors	173.20	644.12
Total Trade Payable	173.20	646.77

9.1 Details in respect of dues to micro, small & medium enterprises based on information available with the Company.

a. Principal Amount due & remaining unpaid		0.01
b. Interest due on above and the unpaid interest		-
c. Interest paid by the buyer beyond appointed day during the accounting year		-
d. Amount of interest accrued & remain unpaid at the end of the accounting year		-
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises		

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE NO. 10 OTHER CURRENT LIABILITIES

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 31st March, 2016
a. Customers at credit	28.85	33.37
b. Advance from customers	43.08	43.41
c. Unclaimed dividend	0.11	0.17
d. Investor Education & Protection Fund	-	0.03
e. Interest Free advance from PSFMC	42.81	-
f. Current Maturities of Long Term Borrowings (also refer note no. 5.1 & 5.2)	10.00	176.28
g. Other liabilities	-	-
- Outstanding liabilities for goods & services received	110.64	65.99
- Stale Cheques	-	-
- Deposits	6.00	6.26
- Security deposits	14.91	4.74
- Earnest money deposits	62.54	64.13
- Premium payable on Forward cover	-	0.16
- Liability for CSR	0.15	0.22
- Book Overdraft	0.04	-
- Others	0.01	-
Total (a+b+c+d+e+f+g)	319.14	394.76
h. Employees' cost:-		
Pay & Allowances	0.10	0.13
Other expenses	0.18	0.12
Dues to employees on accrual basis	0.27	0.94
Encashment of earned leaves (Refer note no. 53)	2.43	1.59
Undisbursed salary	0.01	0.01
Total (h)	2.99	2.79
i. Remittances:-		
Professional Tax	0.01	0.01
Sale Tax /Value Added Tax (VAT)	8.09	0.49
Service Tax	-	0.19
Income tax deducted at source	1.71	1.17
STC's Employees Union	-	-
STC's Officers' Association	-	-
STC's SC/ST Employees Welfare Association	-	-
Contribution to Provident Fund	0.86	1.60
Contribution to Employees Pension Scheme-95	0.05	0.06
Contribution to Employees Pension Fund	0.29	0.34
Salary saving scheme	0.02	0.01
Thrift Society	0.05	0.06
Others	1.00	0.19
Total (i)	12.08	4.12

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 31st March, 2016
j. Interest accrued but not due on borrowings	1.29	1.62
k. Interest accrued & due on borrowings	50.37	44.62
Total (j+k)	51.66	46.24
TOTAL OF NOTE NO. 10	385.87	447.91

10.1 Interest accrued and due on borrowings including ₹49.39 Crore (₹43.80 crore), against which bank guarantee of ₹56.01 crore (₹56.00 crore) has been issued to EXIM Bank.

10.2 Deposit includes ₹4.19 Crore (₹4.19 Crore) from wholly owned subsidiary company.

10.3 The liability for CSR outstanding as on 31.03.2017 for the earlier years budgeted amount is Nil (₹0.22 crore). The unspent fund is ₹0.15 crore (₹0.05 crore), out of which ₹0.05 crore is outstanding for more than 3 years. However, the unspent fund of ₹0.15 crore has been approved by CSR Committee of the Board, which is committed towards Swachh Bharat Kosh, emergency needs and capacity building

10.4 Gross amount required to be spent by the company during the year ₹NIL (NIL)

(Amount in ₹ Crore)

S.No.	Nature of Expenditure	Cash Paid	Yet to be paid	Total
1	Construction / Acquisition of Asset	0.003 (0.20)	0.00 (0.01)	0.003 (0.21)
2	On purpose other than (1) above	0.07 (0.03)	0.00 (0.07)	0.07 (0.10)

NOTE NO. 11

Short Term Provisions

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Provision for employees' benefits (refer Note no. 53)		
Encashment of Half pay leave	3.09	2.28
Post retirement medical benefits	6.83	6.44
Long service award	0.19	0.15
Gratuity	-	0.04
Performance Related Pay	0.01	0.01
Others	1.17	1.28
Total (a)	11.29	10.20
(b) Other Provisions		
Contingencies	8.77	5.67
Exchange difference on Forward contract	-	0.08
Others	-	-
Total (b)	8.77	5.75
Total (a+b)	20.06	15.95

11.1 Short term provisions for contingencies include ₹8.66 crore (₹5.55 crore) on account of provision created for LCs accepted by the company based on back to back acceptance by the business associate. The company has initiated the legal proceedings against the business associate for recovery u/s 138 of NI Act.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NON CURRENT ASSETS PROPERTY, PLANT & EQUIPMENT NOTE NO. 12 - TANGIBLE ASSETS

(Amount in ₹ Crore)

A. OWNED ASSETS		GROSS			DEPRECIATION			NET			
		As on 01.04.2016	Additions (2)	Deductions/ Adjustments (3)	As on 31.03.2017 (4) = (1)+(2)-(3)	Upto 31.03.2016 (5)	Deductions/ Adjustments (6)	For the year 2016-17 (7)	Upto 31.03.2017 (8) = (5)+/(6)+(7)	31.03.2017 (9) = (4)-(8)	31.03.2016 (10) = (1)-(5)
1	Land	26.04	-	-	26.04	-	-	-	-	26.04	26.04
2	Buildings	123.74	-	-	123.74	-	5.44	-	16.94	106.80	112.24
3	Plant & Machinery	21.24	0.01	0.06	21.19	0.05	0.61	-	13.46	7.73	8.34
4	Furniture & fittings	4.28	0.10	0.25	4.13	0.24	0.16	-	3.18	0.95	1.02
5	Motor Vehicles	1.50	0.29	0.21	1.58	0.19	0.10	-	0.69	0.89	0.72
6	Office equipment	2.19	0.12	0.69	1.62	0.64	0.12	-	1.24	0.38	0.43
7	Computers, data processing units & communication equipment	2.94	0.32	0.13	3.13	0.13	0.25	-	2.58	0.55	0.48
8	Electrical Installations & Equipment	5.65	1.32	1.34	5.63	0.89	0.28	-	2.93	2.70	2.11
9	Others (Asset held for sale)	-	-	(0.69)	0.69	(0.60)	-	-	0.60	0.09	-
	Total	187.58	2.16	1.99	187.75	1.54	6.96	-	41.62	146.13	151.38
B. LEASEHOLD ASSETS		GROSS			DEPRECIATION			NET			
S. No.	Description	As on 01.04.2016	Additions (2)	Deductions/ Adjustments (3)	As on 31.03.2017 (4) = (1)+(2)-(3)	Upto 31.03.2016 (5)	Deductions/ Adjustments (6)	For the year 2016-17 (7)	Upto 31.03.2017 (8) = (5)+/(6)+(7)	31.03.2017 (9) = (4)-(8)	31.03.2016 (10) = (1)-(5)
1	Land	594.79	-	-	594.79	1.99	-	0.84	2.83	591.96	592.80
2	Buildings	234.70	0.01	0.15	234.56	37.80	0.15	7.60	45.25	189.31	196.90
3	Roads, culverts & sewerage etc	0.20	-	-	0.20	0.02	-	0.02	0.04	0.16	0.18
4	Plant & Machinery	5.30	-	-	5.30	1.29	-	0.33	1.62	3.68	4.01
	Total	834.99	0.01	0.15	834.85	41.10	0.15	8.79	49.74	785.11	793.89
	Grand Total	1,022.57	2.17	2.14	1,022.60	77.30	1.69	15.75	91.36	931.24	945.27
	Previous Year	1,021.67	1.65	0.75	1,022.57	62.12	0.70	15.88	77.30	945.27	

12.1 The process of issuance of sub divided lease deeds in respect of STC's Office Complex at New Delhi, residential land and flats at Mehrauli Road, Delhi separately in the name of company and its co owners is pending. Original cost of land is ₹1.04 crore (₹1.04 crore) and of Building for housing colony and office complex is ₹18.66 crore (₹18.66 crore). Gross Block after revaluation of such land is ₹548.33 crore (₹548.33 crore) and of such Building is ₹185.92 crore (₹185.92 crore). Execution of lease deed in respect of flats at AGVC complex is pending. The original cost of such flats is ₹1.25 crore (₹1.25 crore) and the Gross Block after revaluation is ₹28.42 crore (₹28.42 crore).

12.2 Formal lease deed in respect of Lease hold plot where company has tank farm installation at Mumbai Port Trust is yet to be executed though lease has been extended by way of allotment letter. Registration of deed of conveyance in respect of 7 flats at Mumbai is pending. Total original cost of such flats is ₹0.41 crore (₹0.41 crore) and revalued amount is ₹33.19 crore (₹33.19 crore).

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

12.3 The company has revalued its immovable properties during the year 2014-15 consequently an amount of ₹14.25 crore was credited to revaluation reserve. As a result of revaluation additional depreciation amounting ₹12.57 crore (₹12.89 crore) is transferred from revaluation reserve to general reserve during the year.

12.4 Cost of flats include cost of land also where flats are purchased or constructed on land. Depreciation has been charged on total value of flats in absence of breakup of value between land and building.

12.5 Assets held for disposal represents the value of electrical installations damaged by floods in Dec'15 at Chennai branch which are stated at salvage value ₹0.09 crore. The Chennai branch does not have break up value for the damaged assets. The WDV of the assets damaged has been considered ₹0.43 crore as assessed by insurance surveyor. After retaining the salvage value of ₹0.09 crore notional loss was ₹0.34 crore against which the final insurance claim of ₹0.29 crore was received. Accordingly ₹0.05 crore was recognized as loss due to flood.

NOTE NO. 13 - INTANGIBLE ASSETS

S. No.	Description	GROSS			DEPRECIATION			NET		
		As on 01.04.2016	Additions	Deductions/ Adjustments	As on 31.03.2017	Upto 31.03.2016	Deductions/ Adjustments	For the year 2016-17	Upto 31.03.2017	31.03.2017
	(1)	(2)	(3)	(4) = (1)+(2)-(3)	(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
1	Computer software	0.37	0.01	0.01	0.37	-	0.01	0.35	0.02	0.03
	Total	0.37	0.01	0.01	0.37	-	0.01	0.35	0.02	0.03
	Previous Year	0.37	0.03	0.03	0.37	0.03	-	0.34	0.03	0.03

13.1 Intangible assets are amortized @ of 40% p.a. on Straight line basis. The useful life of the assets is considered to be two and half years.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE NO. 14 CAPITAL WORK IN PROGRESS

(Amount in ₹ Crore)

S. No.	Description	GROSS			
		As on 01.04.2016	Additions	Deductions	As on 31.03.2017
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	Office Building	0.33	-	0.27	0.06
2	Plant & Equipment	-	-	-	-
3	Office Equipment	0.15	0.76	-	0.91
	Total	0.48	0.76	0.27	0.97
	Previous Year	0.39	0.09	-	0.48

NOTE NO. 15 INTANGIBLE ASSETS UNDER DEVELOPMENT

S. No.	Description	GROSS			
		As on 01.04.2016	Additions	Deductions	As on 31.03.2017
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	Computer Software	-	0.01	-	0.01
	Total	-	0.01	-	0.01
	Previous Year	-	-	-	-

NOTE NO. 16 NON CURRENT INVESTMENTS Trade Investment (Unquoted)

Equity instruments - Fully paid up ***							
S. No.	Name of Company	No. Of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2017	Net Value as on 31.03.2016
Joint Ventures							
1	NSS Agro Development Co Ltd.*	100,000	10	0.10	0.10	-	-
2	Sea Lac Agro Ventures Limited	100,000	10	0.10	0.10	-	-
	Total			0.20	0.20	-	-
Other Investment (Unquoted)							
Equity instruments - Fully paid up ***							
S. No.	Name of Company	No. Of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2017	Net Value as on 31.03.2016
(a)	Subsidiary Company						
1	STCL Limited *	150,000	100	2.82	2.82	-	-
(b)	Others						
1	Maharashtra Small Scale Industries Development	10,000	100	0.10	0.10	-	-
2	Andhra Pradesh State Trading Corporation	100	1,000	0.01	-	0.01	0.01
3	Sindhu Resettlement**	4	1,000	-	-	-	-
	Total			2.93	2.92	0.01	0.01
	Grand Total (Unquoted)			3.13	3.12	0.01	0.01
	Previous Year			3.13	3.12	0.01	

* Investment book value is ₹1 (₹1)

** Investment book value is ₹4000 (₹4000)

*** Valued at cost other than temporary diminution in value, if any.

16.1 Other investment includes ₹2.82 crore (₹2.82 crore) in its 100% subsidiary company namely STCL. The subsidiary company was having negative net worth as on 31st March 2017 (Audited). Full provision for diminution in the value of investment has been made in the earlier years.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

II. ASSETS

(1) NON CURRENT ASSETS

NOTE NO. 17

DEFERRED TAX ASSETS (NET)

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 1st March, 2016
Deferred tax Assets		
Disallowance under Income Tax Act 1961	76.88	76.88
Deferred Tax Liability		
Related to Fixed Assets	3.87	3.87
Total	73.01	73.01

17.1 In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income", the company has Deferred Tax Assets (Net) of ₹73.01 crore (₹73.01 crore). As a matter of prudence & conservative principle of accounting, Deferred Tax Asset (Net) relating to losses and other temporary differences amounting to ₹247.49 crore (₹183.41 crore) has not been recognized.

NOTE NO. 18

LONG TERM LOANS AND ADVANCES

S. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016
1	Capital Advances		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	0.27	-
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	0.27	-
2	Security Deposits		
	- Secured, Considered Good	0.50	0.28
	- Unsecured, Considered Good	7.68	10.10
	- Doubtful	4.97	4.61
	Less : Allowance for Bad & Doubtful	4.97	4.61
	Net	8.18	10.38
3	Loans and Advances to related parties		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	-	-
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	-	-
4	Advances to employees		
	- Secured, Considered Good	3.64	3.62
	- Unsecured, Considered Good	0.41	0.69
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	4.05	4.31

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

S. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016
5	Interest accrued on advances to employees		
	- Secured, Considered Good	5.86	6.40
	- Unsecured, Considered Good	0.32	0.35
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	6.18	6.75
6	Trade advances		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	-	-
	- Doubtful	93.62	93.62
	Less : Allowance for Bad & Doubtful	93.62	93.62
	Net	-	-
7	Advance tax (net of provision)		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	-	-
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	-	-
8	Other Misc. advances		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	0.02	0.16
	- Doubtful	0.36	0.66
	Less : Allowance for Bad & Doubtful	0.36	0.66
	Net	0.02	0.16
	Total	18.70	21.60
PARTICULARS OF LONG TERM LOANS AND ADVANCES			
	- Secured, Considered Good	10.00	10.30
	- Unsecured, Considered Good	8.70	11.30
	- Doubtful	98.95	98.89
	Total	117.65	120.49
	Less : Allowance for Bad & Doubtful	98.95	98.89
	Net	18.70	21.60

18.1 Trade advances include a sum of ₹87.39 crore (₹87.39 crore) recoverable from one of the parties, against which the company has initiated legal actions including criminal proceedings. In this regard, full provision has been made in earlier years. The Company was successful in getting arbitration award for ₹110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award. However, the party has raised objections to the award before Hon'ble High Court at New Delhi and hearing of the same is in progress.

18.2 Details of dues from Directors/Officers:-

- Directors :
- Officers :

NIL	NIL
₹3.72 crore	₹6.76 crore

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE NO. 19

OTHER NON CURRENT ASSETS

(Amount in ₹ Crore)

S. No.	Description	As at 31st March, 2017	As at 31st March, 2016
1	Long term trade receivable		
	- Secured, Considered Good	20.39	97.75
	- Unsecured, Considered Good	960.24	969.21
	- Doubtful	655.39	464.64
	Less : Allowance for Bad & Doubtful	655.39	464.64
	Net	980.63	1,066.96
2	Claims recoverable		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	15.55	17.74
	- Doubtful	91.57	117.45
	Less : Allowance for Bad & Doubtful	91.57	117.45
	Net	15.55	17.74
3	Other Bank Balances		
	Term Deposit with banks :	-	-
	- Deposit pledged / Under Lien as margin Money	9.44	8.81
	- Other Deposits	-	-
	Interest accrued on Term Deposits :	-	-
	- Deposit pledged / Under Lien as margin Money	0.34	0.33
	- Other Deposits	-	-
	Net	9.78	9.14
4	Others		
	- Secured, Considered Good	0.09	-
	- Unsecured, Considered Good	0.27	0.30
	- Doubtful	0.30	0.30
	Less : Allowance for Bad & Doubtful	0.30	0.30
	Net	0.36	0.30
	Total	1,006.32	1,094.14
	PARTICULARS OF OTHER NON CURRENT ASSETS		
	- Secured, Considered Good	30.26	106.89
	- Unsecured, Considered Good	976.06	987.25
	- Doubtful	747.26	582.39
	Total	1,753.58	1,676.53
	Less : Allowance for Bad & Doubtful	747.26	582.39
	Net	1,006.32	1,094.14

19.1 Long term unsecured trade receivables include ₹568.44 crore (₹568.44 crore) on account of export of pharma products to foreign buyers through Indian business associates. The Indian business associate drew bills of exchange on the Company which were accepted by the company on back to back basis upon receipt of overseas buyers pre-acceptance to the company's bills of exchange. However, the foreign buyers defaulted in making payment against the export bills and have gone into liquidation. A claim of ₹527.86 crore has been admitted by the liquidator of one of the foreign buyer i.e. Loben Trading Co.Pte Ltd. A Decree of ₹62.47 crore has been passed by Hon'ble Mumbai High Court in favour of company against the dues from one of the foreign buyer i.e Sweetland Trading Pte Ltd. As of current date, the Indian business associate had gone into liquidation and official liquidator is appointed by Hon'ble High

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Court Mumbai. Considering the legal enforceability of back to back agreement and corresponding credit of ₹568.44 crore (₹568.44 crore), in the opinion of Management, no further provision is required for outstanding receivables of similar amount. The Indian business associate also discounted the bills of exchange conditionally accepted by the STC from their bankers by utilizing their own credit limits. Legal proceedings have been initiated by the bankers of associate against the associate and the company. Banks & Financial Institutions have filed legal suit against Indian business associate before DRT making STC also a party to the case claiming ₹476.47 crore. STC contended that under the back to back agreement, amount due to the banks are payable only after receipt of export realization from the foreign buyers. However as a matter of prudence, amount of ₹476.47 crore (₹476.47 crore) as claimed has been shown as contingent liability.

- 19.2 Long term unsecured trade receivables include ₹787.65 crore (₹787.65 crore) under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. to foreign buyers through various Indian business associates. Against said trade receivables, corresponding balances of ₹342.19 crore (₹342.19 crore) is payable to business associates under agreed arrangement leaving net receivable of ₹445.46 crore (₹445.46 crore) and is disclosed under long term doubtful trade receivable. Since the foreign buyers defaulted in making payment and as per the terms & conditions of agreement, the post dated cheques given by the business associates were encashed which were subsequently dishonoured by payee banks. Accordingly action against the business associates has been initiated u/s 138 of Negotiable Instruments Act, 1881 and proceedings are in progress. Summary suits & winding up petitions have been filed by the STC against the business associates for recovery of amount due before Hon'ble High Court Mumbai. As on date, winding up orders have been passed against most of the business associates. The matter is also under investigation by CBI. The legal proceedings are being pursued by the STC. However, as a matter of prudence and measure of abundant caution, full provision of ₹445.46 crore (₹445.46 crore) has been made in the earlier years to the extent of doubtful net trade receivables. Considering the legal enforceability of back to back agreement and corresponding credit of ₹342.19 crore (₹342.19 crore), in the opinion of Management, no further provision is required for outstanding receivables of similar amount.
- 19.3 Long term unsecured trade receivables include ₹41.92 crore (₹41.92 crore) on account of export of agri commodities to foreign buyers through Indian business associates against which credit balance of ₹41.92 crore (₹41.92 crore) is available under trade payable. The foreign buyer defaulted in making payment and upon non-receipt of the dues from business associate, the Company has initiated necessary legal steps against business associate for recovery. The matter is also under investigation by CBI. Considering the legal enforceability of the agreement and corresponding credit of ₹41.92 crore (₹41.92 crore), no provision is considered necessary.
- 19.4 Long term secured trade receivables include ₹9.83 crore (₹10.19 crore) (net of provision for diminution in value of stock) recoverable from one of the business associates for goods sold in earlier years. The overdue is secured by pledge of stocks in favour of STC. Upon non-payment of overdue receivables, legal actions have been initiated against the business associate u/s 138 of Negotiable Instruments Act, 1881 and civil hearings are in progress. Another PSU company MSTC had made a claim in respect of ownership of some of the pledged stock sold by the STC to business associate. As per the direction of the Mumbai High Court, the STC and MSTC have jointly appointed approved valuer to carry out the valuation of stock. As on balance sheet date, the pledged stock has been valued at ₹9.83 crore by approved valuer and STC is awaiting further direction from Hon'ble Mumbai High Court.
- 19.5 Long term trade receivable includes ₹3.22 crore (₹3.22 crore) recoverable from one of the business associates towards import of pet bottle material, which are pledged with the company. The company has initiated necessary legal steps to recover the dues. A provision of ₹1.76 crore (₹1.76 crore) has been made to the extent dues not covered by pledged stock.
- 19.6 Long term trade receivables include ₹48.57 Crore (₹58.55 crore) recoverable from one of the business associates for goods sold in earlier years. The Company has filed the winding up petition which has now been transferred to NCLT, Kolkata, in view of Central Government Notification dated 07/12/2016 and of Hon'ble High Court, Cuttack order dated 15/12/2016. Proceedings u/s 340 of CRPC is under progress at Balasore district court. ₹17 crore has been received from February 17 to May 17 from the associate under order of ICA. A total provision of ₹41.57 crore has been made during the current year.
- 19.7 Claims recoverable (Govt. of India) include ₹73.55 crore (₹100.70 crore) towards import of pulses under Govt. A/c during the years 2006-07 to 2010-11 which was fully provided during the year 2013-14. As approved by Ministry of

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Consumer Affairs, reimbursement limit was enhanced from 15% to 20% of the landed cost and period of claim was extended up to 30.09.2011 (i.e. by 6 months), resulting in admissible claims to the tune of ₹60.47 crore against which ₹14.25 crore was received by STC during F.Y. 2015-16. Further, balance/settled claim amount of ₹27.15 crore has been received during F.Y. 2016-17. In addition, a claim of ₹18.80 crore on account of interest deducted by Ministry is also being taken up vigorously. Further, the reimbursement of remaining claims beyond 20% is being taken up with the Ministry of Consumer Affairs by STC, on actual basis.

19.8 Long term trade receivables include ₹10.21 crore (₹10.21 crore) recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by STC except the outstanding balance of ₹10.21 crore (₹10.21 crore) pending for final reconciliation at the end of MARKFED and Govt. of Maharashtra. Matter is being constantly taken up with GOM and MARKFED for recovery. As a matter of prudence, provision of ₹10.21 crore has been made in current year.

19.9 Long term trade receivables include ₹122.95 crore (₹122.77 crore) recoverable from one of the business associate for goods sold in the earlier years which is overdue. Negotiation with a PSU for selling of the stocks, which has acquired the plant and machinery, is under progress. As a matter of prudence, full provision for ₹122.95 crore has been created during the current year.

19.10 Long Term trade receivable include ₹3.47 crore (₹21.90 crore) being 3.5% of invoice value retained by one of the business associates as performance guarantee which is secured by corresponding credit balance available in sundry creditors.

19.11 Long term trade receivables include ₹17.28 crore (₹20.56 crore) recoverable from one of the business associates for goods sold in earlier years. Criminal complaints u/s 138 of Negotiable Instruments Act, 1881 and contempt application filed before Hon'ble High Court, New Delhi are under progress against the business associate. As a matter of prudence, provision for full amount of ₹17.28 crore has been created during current year. Company is expecting settlement offer in view of criminal proceedings against business associate.

CURRENT ASSETS

NOTE NO. 20

CURRENT INVESTMENTS

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Current Investment	-	-
Total	-	-

NOTE NO. 21

INVENTORIES

Particulars	As at 31st March, 2017	As at 31st March, 2016
a) Stock In Trade including with Handling Agent/Local Agent	39.46	0.05
b) Stores & Spares	0.06	0.05
c) Goods in Transit	-	-
- Imported goods	-	0.16

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 31st March, 2016
d) Others	-	-
- Packing materials	0.05	0.05
- Stationery	0.09	0.07
- Others	0.04	0.04
Total	39.70	0.42

21.1 For Mode of Valuation, please refer para 10 of Note 44 to the financial statements

NOTE NO. 22 TRADE RECEIVABLES

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Trade Receivables over Six Months		
- Secured, Considerable Good	89.62	669.73
- Unsecured, Considerable Good	1,756.79	1,757.66
- Doubtful	4.88	1.55
Gross Receivable	1,851.29	2,428.94
Less : Allowance for bad & doubtful receivable	4.88	1.55
Net Receivable	1,846.41	2,427.39
(b) Other Trade Receivables		
- Secured, Considerable Good	42.38	43.28
- Unsecured, Considerable Good	223.70	170.31
- Doubtful	-	-
Gross Receivable	266.08	213.59
Less : Allowance for bad & doubtful receivable	-	-
Net Receivable	266.08	213.59
Grand Total (a+b)	2,112.49	2,640.98

22.1 Trade receivables include ₹1904.24 crore (₹1740.42 Crore) for goods sold during previous years to one of the business associates. Dues are secured by EMD of ₹29.73 crore and the personal guarantee of Chairman of its holding company. The business associate and its holding company (Guarantor) had signed a Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with STC for payment of entire dues by 10.11.2012 under Indian Arbitration and Conciliation Act and is legally enforceable as decree. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of ₹70.18 crore on the direction of Hon'ble Supreme Court. Considering the status of case in the Hon'ble Supreme Court, the management is hopeful that the associate may come out with firm settlement proposal for repayment on the next date of hearing likely on 05.07.2017. Hence the debt is good and recoverable.

22.2 Trade receivables include an amount of ₹10.53 crore (₹10.28 crore) recoverable from one of the business associates for sale of met coke. A provision of ₹3.33 crore has been made during the current year. The balance dues are secured by mortgage of free hold land. The business associate has undertaken to repay all dues along with interest on receipt of CDR package. The company has filed legal and criminal case against the business associate which are being followed up.

22.3 Trade receivable include ₹9.95 crore towards balance 25% of the export proceeds to be recovered and transferred to FCI subsequent to deduction of charge, if any. Matter pending subject to resolving of the claim of GASC amounting to USD 973,585 towards fumigation and other charges at port. The same has been refuted by STC as per contract terms and matters has been taken up with MEA for early resolution.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

22.4 Trade receivables include ₹64.23 crore (₹3.71 Crore) for urea supplied to Department of Fertilizers (DOF). The payments have been withheld on account of quality parameters. The matter has been taken up with DOF and DOF has referred the matter to Ministry of Law for opinion. Consequently PBG of foreign suppliers amounting to ₹20.56 crore has been invoked. The matter is being continuously pursued with DOF for immediate settlement of the issues and release of payments. In view of above, no provision is considered necessary at this stage.

22.5 Trade receivables include ₹84.96 crore (₹486.34 crore) which is overdue pending reconciliation of issue/performance guarantee. The outstanding amount is secured by corresponding credit balance available in sundry creditors

NOTE NO. 23

CASH & BANK BALANCES

CASH & CASH EQUIVALENTS

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Balances with banks:		
- Cash Credit account - Debit Balance	1.34	2.30
- Current Accounts	5.55	5.40
(b) Cheques, Drafts on hand	-	0.01
(e) Short Term Deposit with banks :	-	-
- Deposit pledged / Under Lien as margin Money	2.05	-
- Other Deposits with 3 months or less maturity	-	0.50
- Other Deposits	0.05	1.18
(f) Interest accrued on Term Deposits :	-	-
- Deposit pledged / Under Lien as margin Money	0.10	-
- Other Deposits	0.01	0.01
(g) Unpaid Dividend Bank Account	0.11	0.20
Total	9.21	9.60

23.1 Details of Specified bank notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016 (in compliance with MCA notification no. G.S.R. 307(E) & 308(E) dated 30.03.2017)

Particulars	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in Hand as on 08.11.2016	-	6,500	6,500
(+) Permitted Receipts	-	3,960	3,960
(+) Withdrawal from Bank A/cs	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in Banks	-	3,960	3,960
Closing cash in Hand as on 30.12.2016	-	6,500	6,500

NOTE NO. 24

SHORT TERM LOANS AND ADVANCES

S. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016
1	Capital Advances		
	- Secured, Considered Good	-	0.06
	- Unsecured, Considered Good	0.01	0.07
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	0.01	0.13

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

S. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016
2	Security Deposits		
	- Secured, Considered Good	0.50	-
	- Unsecured, Considered Good	0.96	0.96
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	1.46	0.96
3	Loans and advances to related parties		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	-	-
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	-	-
4	Advances to employees		
	- Secured, Considered Good	0.98	1.17
	- Unsecured, Considered Good	0.64	0.79
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	1.62	1.96
5	Interest accrued on advances to employees		
	- Secured, Considered Good	0.94	0.89
	- Unsecured, Considered Good	0.10	0.09
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	1.04	0.98
6	Trade advances		
	- Secured, Considered Good	0.02	-
	- Unsecured, Considered Good	12.51	2.51
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	12.53	2.51
7	Advance tax (net of provision)		
	- Secured, Considered Good	-	-
	- Unsecured, Considered Good	22.09	34.56
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	22.09	34.56
8	Other Misc. advances		
	- Secured, Considered Good	6.85	-
	- Unsecured, Considered Good	3.69	0.15

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

S. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016
	- Doubtful	-	-
	Less : Allowance for Bad & Doubtful	-	-
	Net	10.54	0.15
	Total	49.29	41.25
PARTICULARS OF SHORT TERM LOANS AND ADVANCES			
	- Secured, Considered Good	9.29	2.12
	- Unsecured, Considered Good	40.00	39.13
	- Doubtful	-	-
	Total	49.29	41.25
	Less : Allowance for Bad & Doubtful	-	-
	Net	49.29	41.25
24.1	Details of dues from Directors/ Officers :-		
	- Directors :	NIL	NIL
	- Officers :	₹5.68 crore	₹1.95 crore

NOTE NO. 25 OTHER CURRENT ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Prepaid Expenses	3.34	3.53
(b) TA advance	0.06	0.01
(c) Advance for expenses	7.81	0.27
(d) LTC Advance	-	-
(e) Premium on forward contract	-	-
(f) VAT receivable-input	0.01	0.47
(g) Income Tax Refundable	-	-
(h) Deposits	0.57	0.59
i. Telephone	-	-
ii. Office Rent	-	-
iii. Hotels / Holiday Home	-	-
iv. Hospitals	-	-
v. Post and telegraph deptt.	-	-
vi. Municipal authorities	-	-
vii. Electricity board	-	-
viii. Deposit with court	-	-
ix. Any other, specify	-	-
(i) Advance Income Tax	-	-
(j) Self Assessment Tax	-	-
(k) Tax deducted at source	0.37	0.36

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars		As at 31st March, 2017	As at 31st March, 2016
(l)	Service Tax	-	-
(m)	Claims Recoverable :		
	i. From Govt. of India	12.26	11.00
	ii. From PSU Banks	-	-
	iii. From PSU	15.14	1.88
	iv. From Govt. Dept.	-	-
	v. From State Govt.	-	-
	vi. From insurance companies	-	-
	vii. From Business Associates	-	-
	viii. Others	3.36	3.36
(n)	Exchange difference accrued on Forward Contract	-	-
(o)	Accrued discount on Forward Contract	-	-
(p)	Others	0.28	-
	Total	43.20	21.47

25.1 Claim recoverable from CCIC and HHEC are ₹7.33 crore and ₹8.22 crore respectively which are Govt. of India undertakings on account of common maintenance charges, property taxes etc. The company has received ₹2.61 crore from CCIC and ₹0.46 crore from HHEC during the year 2016-17. Further, provision of ₹0.33 crore and ₹0.09 crore have been created against CCIC and HHEC respectively during the current year and for the balance matter has been taken up at higher level and the company is hopeful of receiving its entire dues from above organization. Hence, no provision in respect of above is considered necessary.

NOTE NO. 26 REVENUE FROM OPERATIONS

Particulars		For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a)	Sales		
	Export	788.86	1,110.47
	Imported Goods	6,381.69	8,735.29
	Domestic	581.61	633.40
	Total(a)	7,752.16	10,479.16
(b)	Other operating revenue		
	Exchange Fluctuation - Gain (Net)	24.82	-
	Discount on Forward Contract	0.16	0.42
	Claims:		
	From Govt. of India	0.04	0.03
	From business associates	0.09	-
	Other claims	0.01	-
	Others	37.21	121.44
	Total (b)	62.33	121.89
	Revenue from Operations (a+b)	7,814.49	10,601.05

26.1 Exchange fluctuation-gain (net) of ₹24.82 crore (loss ₹28.20 crore shown in note 29) includes gain ₹25.18 crore (loss ₹27.14 crore) on account of business associates for which necessary adjustment has been made in Purchases/Sales Account and to that extent there is no impact on the loss for the year.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

26.2 Details of exchange fluctuation (net) on account of business associates adjusted in Purchase/Sales are as follows:

(A) Export -Exchange Gain/(Loss) (Adjusted in Purchase)	(0.77)	(0.86)
(B) Import- Exchange Gain/(Loss) (Adjusted in Sales)	25.95	(26.28)
Exchange Fluctuation-net Gain/(Loss) (A+B)	25.18	(27.14)
Exchange Gain /(Loss) (Co's A/c)	(0.36)	(1.06)
Exchange fluctuation-Gain/(Loss) (net)	24.82	(28.20)

NOTE NO. 27 OTHER INCOME

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Interest income:-		
Advance to Employees	0.69	0.81
Term Deposits With Banks & its subsidiaries:		
- Deposits pledged/under Lien as margin money	0.24	0.14
- Other Deposits	0.16	0.03
Income Tax Refunds	-	1.61
Interest on Trade Finance/Associates :		
- Other than PCFC/EPC	233.94	224.46
Other Miscellaneous interest	2.13	0.37
Total (a)	237.16	227.42
(b) Miscellaneous income:-		
Security Deposits forfeited	-	0.36
Rent received from Employees	0.16	0.14
Total(b)	0.16	0.50
(c) Rental income:-		
Rent Received from let-out property	35.64	34.97
Recoveries for common services from tenants	5.87	5.87
Total	41.51	40.84
Less: Expenses related to let out property		
Land & development office charges@25%	-	7.78
Property tax	6.19	4.86
Insurance premium	0.08	0.07
Maintenance charges	0.92	1.11
Administrative expenses	0.85	0.96
Total	8.04	14.78
Net rental income - Total (c)	33.47	26.06
(d) Other Receipts:-		
- Difference in exchange other than commodity items	0.40	0.19
- Misc. non Trade receipts	0.64	0.53
Total (d)	1.04	0.72
Gross Total (a+b+c+d)	271.83	254.70

NOTES FORMING PART OF FINANCIAL STATEMENTS

27.1 Other Income include interest of ₹231.93 crore (₹224.33 Crore) recoverable from one of the business associates with whom conciliation agreement has been signed which has been held as final by Hon'ble Supreme Court. Dues are secured by EMD of ₹29.73 crore and the personal guarantee of Chairman of its holding company. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of ₹70.18 crore on the direction of Hon'ble Supreme Court. Considering the status of case in the Hon'ble Supreme Court, the management is hopeful that the associate may come out with firm settlement proposal for repayment on the next date of hearing likely on 05.07.2017. Hence the debt is good and interest accrued thereon is recognized as income.

EXPENSES:

NOTE NO. 28

COST OF MATERIALS CONSUMED

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Opening balance of packing material	0.05	0.05
Add: Purchases made during the year	0.04	0.09
Total	0.09	0.14
Less: Closing balance of packing material	0.05	0.05
Cost of materials consumed during the year	0.04	0.09

NOTE NO. 29

PURCHASES OF STOCK IN TRADE

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Export Purchase	741.50	1,076.69
Import Purchase	6,048.01	8,253.89
Domestic Purchase	568.92	626.44
Freight -Road	-	0.06
- Rail	0.70	-
- Marine	29.82	23.35
Freight Reimbursement	23.67	106.94
Exchange fluctuation - loss (Net)	-	28.20
Premium on forward contract	-	0.16
Insurance - General	0.17	0.06
- Marine	0.42	0.59
Customs Duty	396.53	442.11
Clearing, Handling, Survey fee, port & Other Charges	5.53	1.70
Sales Tax/Sur Charge on Sales Tax/VAT	0.25	0.21
Octroi/Purchase Tax Reimbursement	0.03	-
Total	7,815.55	10,560.40
29.1 Itemwise of Purchases:		
HR Carbon Steel plates	96.31	1,009.39
Gold	3,444.32	3,177.91
Silver	431.56	1,152.38
Urea	2,072.49	3,782.13
Others	1,313.75	835.21
Total	7,358.43	9,957.02

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

NOTE NO. 30

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Inventories of finished goods		
Opening balance	0.02	0.08
Less: Closing balance	-	0.02
Changes in inventories of finished goods	0.02	0.06
(b) Inventories of work-in-progress		
Opening balance	-	-
Less: Closing balance	-	-
Changes in inventories of work-in-progress	-	-
(c) Inventories of stock-in-trade		
Opening balance	0.19	5.02
Less: Closing balance	39.46	0.19
Changes in inventories of stock-in-trade	(39.27)	4.83
Total (a+b+c)	(39.25)	4.89

NOTE NO. 31

EMPLOYEE BENEFITS EXPENSE

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Remuneration to Staff & Managers		
Salaries and Allowances	71.59	71.63
Provident fund	5.07	4.82
Employees pension scheme 95 (EPS 95)	0.83	0.91
Performance Related Pay	-	0.02
Welfare Expenses:		-
- Medical Expenses on regular employees	4.87	4.42
- Medical Expenses on retired employees	9.22	9.81
- Medical Expenses on Actuarial Liability	5.47	2.37
- Long Service Award	0.16	0.07
- Others	1.31	1.23
Gratuity	(1.25)	(0.07)
Pension	4.39	4.25
Total (a)	101.66	99.46
(b) Remuneration to Directors		
Salaries and Allowances (including sitting fees)	1.43	1.17
Provident fund	0.12	0.08
Employees pension scheme 95 (EPS 95)	0.01	0.01
Welfare Expenses :		-
- Medical Expenses on regular Directors	0.02	0.03
- Medical Expenses on retired Directors	0.14	0.10
Gratuity	0.03	0.11
Pension	0.07	0.06
Total (b)	1.82	1.56
Grand Total (a+b)	103.48	101.02

NOTES FORMING PART OF FINANCIAL STATEMENTS

31.1 As per Accounting Standard-15(Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given in Note No. 53.

31.2 Value of Bonus paid ₹12,349 (₹18,531)

31.3 Whole time directors are allowed use of company car for non-duty journey up to 1000 km per month on payment of ₹2000 per month as per DPE OM dated 21st January, 2013.

31.4 Actual medical expenses incurred towards retired employees including retired directors is ₹9.36 crore (₹9.91 crore) and provision for post-retirement medical benefits on actuarial basis is ₹5.47 crore (₹2.37 crore).

NOTE NO. 32 FINANCE COSTS

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Interest Expense		
- to Banks	158.65	150.84
- Business associates	0.14	0.22
Income Tax (including TDS/TCS)	0.02	0.52
(b) Others	0.12	0.53
Total	158.93	152.11

NOTE NO. 33 DEPRECIATION AND AMORTIZATION EXPENSE (Refer Note no. 12.3)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Property, Plant & Equipment		
Tangible Assets		
Free hold assets:		
(a) Buildings	5.44	5.46
(b) Plant & Machinery	0.61	0.61
(c) Furniture & fittings	0.16	0.17
(d) Motor Vehicles	0.10	0.03
(e) Office equipment	0.12	0.11
(f) Computers and data processing units	0.25	0.22
(g) Electrical Insatallations & equipment	0.28	0.30
Sub Total	6.96	6.90
Lease hold assets:		
(a) Land	0.84	0.85
(b) Buildings	7.61	7.77
(c) Plant & Machinery	0.33	0.36
(d) Roads, culverts & sewerage etc.	0.02	-
(e) Other	-	-
Sub Total	8.80	8.98
Intangible Assets		
(a) Amortization of Computer software	0.01	-
Grand Total	15.77	15.88

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

**NOTE NO. 34
OTHER EXPENSES**

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Other Operating Expenses		
L/C Negotiation & Bank Charges	0.95	0.51
Godown, Plot, Tank Rent	1.71	1.51
Claims Paid	-	-
Commission on Sales	-	0.02
Surplus payable to Govt.	-	-
Delivery charges	0.36	0.35
Cost of Tender	0.10	0.15
Others	-	0.02
Total (a)	3.12	2.56
(b) Administration expenses		
Office Rent	3.04	2.98
Rates and Taxes:		
- Property Tax to Municipal Corporation	1.69	4.15
- Others	0.04	0.04
Electricity and Water Charges	2.55	2.77
Printing and Stationery	0.48	0.33
Postage, Telegram, Teleprinter & Telex	0.12	0.12
Telephones	1.08	1.15
Books and Periodicals	0.02	0.04
Repairs :		-
- Building	0.06	0.07
- Others	0.28	0.24
Travelling Expenses	1.77	1.84
Housing Colony Expenses	2.60	2.78
Service Vehicle Expenses	0.80	0.88
Insurance Premium	0.13	0.10
Auditors' Remuneration :		-
- Statutory Audit Fees	0.16	0.15
- Tax Audit Fees	0.08	0.07
- Certification fees	0.03	0.04
HRD Expenses	0.23	0.50
Information Technology Expenses	0.17	0.32
Conveyance Expenses	0.07	0.06
Maintenance of office building	1.03	1.29
Misc. Office expenses	4.00	3.34
Total (b)	20.43	23.26
(c) Trade Expenses		
Legal & Professional Expenses	7.35	6.82

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Advertisement & Publicity	0.54	0.87
Exchange Fluctuations other than commodity items	0.07	0.73
Bank Charges	1.11	0.85
Entertainment expenses	0.33	0.29
Hospitality and Public Relations	0.09	0.03
Other Trade Expenses	1.26	0.74
Total (c)	10.75	10.33
Total (a+b+c)	34.30	36.15

NOTE NO. 35 EXCEPTIONAL ITEMS

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Expenses		
Loss on sale/Discard of fixed assets	0.08	0.02
Litigation settlement	45.42	-
Loss of assets due to flood	-	-
Total (a)	45.50	0.02
(b) Write Offs		
Trade Receivables	0.50	1.15
Claims	0.01	0.18
Loans and Advances	0.20	-
Deposits	-	0.06
Assets	0.10	0.01
Total (b)	0.81	1.40
(c) Provision for Doubtful debts, Loans and advances & Investment		
Trade Receivables	195.71	2.54
Claims	4.59	0.09
Loans and Advances	-	0.73
Deposits	0.37	0.11
Investment - Long Term Investments	-	0.20
Total (c)	200.67	3.67
(d) Income		
Profit on Sale of Fixed Assets	0.80	0.03
Claim income received	0.10	-
Liabilities Created in previous years written back :		
- Statutory	-	0.08
- Others	67.70	7.27
Provision Written back for doubtful amounts realized :		
- Trade Receivables	1.20	1.04
- Claims	27.16	14.25

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
- Deposits	0.30	-
Provision Written back for doubtful amounts written off :		
- Trade Receivables	0.42	1.16
- Claims	0.01	0.18
- Deposits	-	0.06
Write back of unclaimed credit balances	5.56	4.80
Total (d)	103.25	28.87
Total (a+b+c-d)	143.73	(23.78)

35.1 STC has got a plot measuring 2.599 acres for construting of office building at a commercial rate of ₹1000/- per square yard vide lease agreement dated 05.12.1975. L&DO was demanding 25% of rental income on the office building at JVB considering the plot has been allotted on concessional/institutional rate @ ₹600/- per square yard. STC has disputed the same as the plot was allotted at the existing commercial rate at that time. Regarding this, various communications have been made with L&DO. During the Financial Year 2016-17, STC has got judgement from Hon'ble Supreme Court in the matter of dispute regarding property tax rebate on L&DO charges against NDMC. Accordingly, revised property tax demand of ₹80.03 crore has been raised by NDMC and write back of liability towards L&DO amounting to ₹66.12 crore has been provided for in the accounts of current year.

35.2 On the basis of judgement dated 3rd February 2016 of the Hon'ble Supreme Court, NDMC vide assessment orders dated 30.12.2016 and dated 02.01.2017 has re-assessed the rate-able value of Jawahar Vyapar Bhawan. As per these assessment orders, STC has to pay ₹80.03 crore. However, STC has made an interim payment of ₹20.00 crore and ₹2.12 crore towards revised property tax return for the F.Y. 2016-17. STC has also represented to NDMC for review of the property tax assessment.

NOTE NO. 36 EXTRAORDINARY ITEMS

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Loss due to Earthquake/Cyclone/flood	-	-
Loss due to Fire	-	-
Total	-	-

NOTE NO. 37 PRIOR PERIOD ADJUSTMENT NET (DEBIT/CREDIT)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Income		
Other Income	1.03	0.16
Interest Income	0.16	13.95
Misc. Income	0.27	(0.42)
Total (a)	1.46	13.69
(b) Expenditure		
Cost of Sales	0.05	(0.01)
Overheads		-
- Administration	0.07	0.07
- Trade	0.02	(0.19)
Interest	3.50	0.10
Depreciation	(0.04)	0.01
Total (b)	3.60	(0.02)

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Net Adjustment (a-b)	(2.14)	13.71
(Minus (-) shows expenses and Plus (+) shows income)		

NOTE NO. 38 CURRENT TAX

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Current Tax has been computed on profit of the year as per the prevailing tax laws	16.60	5.15
Total	16.60	5.15

NOTE NO. 39 DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Deferred Tax (net) is computed as per the prevailing tax laws		
Deferred Tax Assets	-	-
Deferred Tax Assets (Net)	-	-
39.1 For details refer Note No. 17.1		

NOTE NO. 40 PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Income from discontinuing operation	-	-
(b) Expenses of discontinuing operation	-	-
Profit (Loss) (a-b)	-	-

NOTE NO. 41 TAX EXPENSE OF DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Tax expense of discontinuing operations	-	-
Tax has been computed on discontinuing operation as per the prevailing tax laws		
TOTAL	-	-

NOTE NO. 42 EARNINGS PER EQUITY SHARE -BASIC

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
A. Profit After Tax (PAT)	(165.54)	17.86
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Basic in ₹ (A/B)	(27.59)	2.98
Face Value in ₹	10.00	10.00

NOTE NO. 43 EARNINGS PER EQUITY SHARE -DILUTED

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
A. Profit After Tax (PAT)	(165.54)	17.86
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Diluted in ₹ (A/B)	(27.59)	2.98
Face Value in ₹	10.00	10.00

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2. REVENUE RECOGNITION - INCOME/EXPENSES

Income and expenses are accounted for on accrual basis except the following which are recognised on cash basis:

- a) Claims for refund of excess insurance premium on open policies.
- b) Interest on loans to subsidiaries and on delayed payments of sales/ trade finance where realization is doubtful.
- c) Export benefits.
- d) Interest realisable from the items handled on Government account.
- e) Dividend on investments.
- f) Liquidated damages.
- g) Claims lodged with Insurance Companies.

3. USE OF ESTIMATES

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

4. TRANSACTIONS IN FOREIGN CURRENCIES

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- b) All monetary items denominated in foreign currencies at the year-end are translated at year-end rates. In case of monetary items where the closing rate is unrealistic, translation rate is estimated based on past trend and expected realization/disbursement.
- c) Non-monetary items other than fixed assets denominated in foreign currencies are reported on exchange rate at the transaction date. Fixed Assets are reported on exchange rate as at the transaction date as increased/reduced by the exchange difference arising on the corresponding foreign currency liability.
- d) Income or expense on account of exchange difference on settlement or translation is recognized in the Statement of Profit & Loss. Premium or Discount on forward exchange contracts is recognized on pro-rata basis with reference to the life of the forward contract except for forward covers taken at the behest of Business Associates, in which case the premium or discount is recognized at the inception of the forward exchange contract on matching principles since the corresponding transactions with the Associate are carried out based on the forward rate.

5. PROPERTY, PLANT & EQUIPMENT

- a. Property, Plant & Equipment other than land & building are stated at historical cost less accumulated depreciation and impairment. Land & building are stated at revalued amount less amortization/depreciation.
- b. Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.
- c. Items of property, plant and equipment retired from active use and held for disposal are stated at the lower of their carrying amount and net realizable value.

6. INTANGIBLE ASSETS

Cost incurred on Intangible assets (computer software), resulting in future economic benefits are capitalized as Intangible Assets and amortized on straight-line method over a period of two and a half year beginning from the date of capitalization.

7. DEPRECIATION AND AMORTISATION

- a. Depreciation on Property, Plant & Equipment other than land is provided in accordance with useful life of assets specified in Schedule II of Companies Act, 2013 on straight-line method.

- b. Leasehold land is amortised over the lease period. Land on perpetual lease is not amortised.
- c. Depreciation on additions to/deductions from Property, Plant & Equipment during the year is charged on pro-rata basis from/up to the date the asset is available for use/disposed.

8. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value and impairment loss is charged to Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

9. INVESTMENTS

- a) Long term investments are carried at cost. When there is a decline (other than temporary) in the value of long term investments, the carrying amount is reduced to recognise the decline.
- b) Current investments are carried at the lower of cost and fair value.

10. INVENTORIES

Inventories are carried at lower of cost and net realizable value. Cost is determined as (a) on weighted average method in respect of inventories pertaining to own business and items handled on Govt. account under PDS or otherwise, (b) on actual cost as per specific identification method in respect of items handled on back to back arrangement with business associates, (c) Goods-in-transit valued at CIF cost. Cost includes cost of procurement (excluding element of self-insurance, if any), duties, taxes and cess and all direct and indirect costs incurred to bring the stocks to the condition as at the time of valuation. Net realizable value is the estimated price realizable in the ordinary course of business less further costs to be incurred for completing the sale. Estimates of net realisable value are based on the most reliable evidence available at the time of estimation as to the amount the inventories are expected to realize and also take into consideration fluctuations of price or other factors affecting the realizable value including events occurring after the balance sheet date to the extent that such events confirm the conditions existing at the balance sheet date.

11. COST OF SALE AND SALES

- a) Purchases and sales are recognised on the performance of contracts.
- b) In cases where contracts provide for crystallization of price or for price adjustment on a subsequent date, corresponding purchases and sales are booked on the basis of expected settlement price and any differential determined subsequently is accounted for at the time of final settlement. Cost of Sale and Sales are accounted for considering all costs and elements including usance interest on supplier's credit as provided for in the contract and incurred till the date of recognition including expenses incurred by and surplus accruing to Business Associates as per contract terms.
- c) In respect of back-to-back / tripartite / joint-execution / third party arrangements, purchases and sales are booked on the basis of documents furnished by the Business Associate as adjusted for the fixed trade margin accruing to the Company.
- d) Sales include transactions under third party arrangements and counter-trade obligations met by exports through the Company.
- e) In case of dealings on behalf of the Government (including consignments under Government's Gift / Grant Scheme), purchases and sales and incidental expenses or income thereof are accounted for under the respective head of accounts. Surplus or deficit to Government Account, after adjusting service margin accruing to the Company, is adjusted in Cost of Sales or Trade Income respectively.

12. CLAIMS

Claims are recognized in the Statement of Profit & Loss if there is no uncertainty relating to its ultimate realization. Claims recognized in the Statement of Profit & Loss but subsequently becoming doubtful are provided for through the Statement of Profit & Loss.

13. SELF INSURANCE

The Company covers certain commodities handled by it on selective basis under its self-insurance scheme. The surplus of premia realised to cover the risk of commodities over the related claims and reinsurance premia paid to outside agencies to cover the risk of claims is included under the head 'Other Income (Trade)'. No provision is made in respect of unexpired risks and claims are accounted as expenditure when reported.

14. EMPLOYEE BENEFITS

- a) Short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- b) Employees' benefit, under defined contribution plan comprising provident fund and pension fund are recognized based on the undiscounted obligation of the company to contribute to the plan. The same is paid to funds administered

through separate Trust.

- c) **Retirement Benefits:**
 - i) Company's contributions to Gratuity Trust Fund and liability towards Leave Encashment and Half Pay Leave are provided on accrual basis. Gratuity, Leave Encashment and Half Pay Leave are determined on the basis of Actuarial Valuation undertaken as at the year end.
 - ii) Liability towards Post-retirement Medical Benefits is provided based on Actuarial Valuation as at the year end.
- d) **Other Long Term Benefits:**

Other long term benefits i.e. Long Service Award are determined on the basis of Actuarial Valuation undertaken at the year end.
- e) **Termination Benefits:**

Retirement benefits under voluntary retirement scheme is written off in the year in which opted.

15. PROVISION FOR DOUBTFUL DEBTS/ADVANCES/CLAIMS

Provision for doubtful debts /advances/claims is made where there is uncertainty of realization irrespective of the period of its dues. For outstanding over three years (except government dues), provision is made unless the amount is considered realizable as per management estimate.

16. RESERVES

- a) Exchange Fluctuation Reserve represents exchange fluctuation gains on treasury operations set aside to meet future losses, if any.
- b) Export/Import Contingency Reserve is appropriated out of profits to meet unforeseen losses in respect of export/import operations.

17. EXHIBITIONS AND FAIRS

The cost of samples and other items acquired for various exhibitions and fairs in India and abroad are charged to revenue in the year in which incurred.

18. EXPENSES ON COMMON SERVICES

Recovery of expenses in respect of certain common services between the Company and its erstwhile subsidiaries is based on turnover/contract concluded/occupancy/utilisation of manpower as is considered appropriate to the nature of expense recovered.

19. BORROWING COSTS

Borrowing costs attributable to acquisition or construction of qualifying assets upto the date the assets are ready for their intended use are capitalized as part of cost of such asset. All other borrowing costs are recognized as expense of the year in which incurred.

20. TAXES ON INCOME

- a) Current tax is provided on the basis of taxable income determined under the Income Tax Act, 1961.
- b) Minimum Alternative Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward.
- c) Deferred tax is recognized, subject to the consideration of prudence, on timing difference. Deferred Tax Assets and Liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

21. CASH FLOW STATEMENT

- a) Cash Flows relating to trade finance provided by Business Associates or the Company for execution of trading contracts including utilization of the finance towards fixed deposits with banks for opening letters of credit in favour of suppliers and refund/payment/recovery of interest thereon as per the terms of Contract are treated as part of Operating Activities.
- b) Cash Flow Statement is prepared in accordance with the on Indirect Method prescribed in Accounting Standard - 3 on Cash Flow Statement issued by ICAI.

22. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if the following conditions are satisfied:

- i) The company has a present obligation as a result of past event,
- ii) A probable outflow of resources is expected to settle the obligation, and

iii) The amount of the obligation can be reliably estimated.

Contingent liability is disclosed, if

i) The company has a possible obligation as a result of past event,

ii) The Probability of out flow of resources is not remote and,

iii) No reliable estimation of such obligation is possible.

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

For P.JAIN & CO.
Chartered Accountants
Firm Reg. No.000711C

Sd/-
(R.C. CHOPRA)
Director (Marketing) with
Additional charge of CMD
DIN - 06466326

Sd/-
(S.K. SHARMA)
Director (Personnel) with
additional charge of
Director (Finance)
DIN - 06942536

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

Sd/-
(B.R. DHAWAN)
Chief General Manager-Finance

Sd/-
(RITU ARORA)
Company Secretary
FCS-5270

Place: New Delhi
Date: 30.05.2017

Notes forming part of Financial Statements

45. CONTINGENT LIABILITIES & COMMITMENT

(Amount in ₹ Crore)

I	Contingent Liabilities not provided for	31.3.2017	31.3.2016
A	Claims against the company /disputed liabilities not acknowledged as debt (incl. interest wherever determined)	1796.91	2976.50
B	Guarantees	139.77	76.31
C	Other money for which company is contingently liable	26.65	22.54
II	Commitment		
A	Estimated amount of contracts remaining to be executed on capital account and not provided for	15.79	14.99
B	Uncalled liability on shares and other investments partly paid	-	-
C	Other commitments	-	-

Notes:

- (a) The above claims/demands are at various stages of appeal and in the opinion of the company are not tenable. Further, in some of the cases amounts included under contingent liabilities relate to commodities handled on Government of India account and liability, if any, would be recoverable from Government of India.
- (b) Contingent liabilities include an amount of ₹88.01 crore (₹85.29 crore) along with interest payable to a foreign supplier on account of import of pulses in earlier years as per award of arbitral tribunal passed in favour of foreign supplier. The company has filed an appeal against the Tribunal award in the Hon'ble Delhi High Court. This transaction was undertaken on behalf of Ministry of Consumer Affairs (MOCA), hence the corresponding claim is made with MOCA, which is being regularly followed -up.
- (c) Contingent liabilities include an amount of ₹74.92 crore (₹129.56 Crore) along with interest payable to a foreign supplier on account of import of Urea in earlier years as per majority arbitration award passed in favour of foreign supplier. The company has filed an appeal against the majority arbitration award in the Hon'ble Delhi High Court. In view of above, no provision is considered necessary at this stage.
- (d) Contingent liability is not updated by determining and including of interest by Mumbai Branch. Certain supporting documents of contingent liability were not available at Mumbai Branch.
46. (a) Trade receivables, loans & advances and other current & non-current assets include ₹21.22crore (₹31.09crore) which are under dispute/litigation. In some cases, there are corresponding payments withheld or receivables relating to commodities handled on account of Government of India. Hence no provision is considered necessary.
- (b) In the opinion of the Management of the company, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and provision has been made wherever considered necessary.
47. Balances in parties' accounts, claim recoverable and advances are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.
48. Current and other liabilities include balances that are subject to reconciliation/confirmation and consequential adjustments.
49. Purchases and Sales mainly represent procurement and/or supply undertaken for and on behalf of Business Associates by the Company on a fixed trade margin where the ultimate beneficiary is the Business Associate who is also liable to indemnify the losses, if any. The recognition is based on the legal and contractual obligations assumed by the Company and the transfer of title to the goods passing through it under the contract.

50. ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE-III OF THE COMPANIES ACT, 2013

(Amount in ₹ Crore)

	2016-17	2015-16
a) Value of Imports on CIF basis		
Import of Trading Goods including freight etc.*	6042.08	8254.47
b) Expenditure in Foreign Currency (on accrual basis)		
i) Interest	0.20	-
ii) Training	0.03	0.05
iii) Travelling	0.23	0.18
iv) Others	0.02	0.05
Total 6042.56	8254.75	
c) Earning in Foreign Exchange		
(on accrual basis)		
i) Export of goods on FOB basis*	739.97	50.24
ii) Others	2.93	0.89
Total	742.90	51.13

* include third party transactions.

51. INFORMATION ABOUT BUSINESS SEGMENT AS ON 31.03.2017

(Amount in ₹ Crore)

S. NO.	PARTICULARS	EXPORT		IMPORT		DOMESTIC		UNALLOCATED		CONSOLIDATED	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1	Revenue										
a.	External sales	793.11	1,117.16	6,414.88	8,742.50	606.50	741.39	-	-	7,814.49	10,601.05
b.	Inter-segment sales	-	-	-	-	-	-	-	-	-	-
	Total Revenue (1a+1b)	793.11	1,117.16	6,414.88	8,742.50	606.50	741.39	-	-	7,814.49	10,601.05
2	Result										
a.	Segment result	19.48	15.86	10.09	11.32	5.46	5.93	-	-	35.03	33.11
b.	Unallocated corporate expenses	1.56	2.28	109.82	(19.72)	42.92	1.16	105.18	115.71	259.48	99.43
3	Operating Profit (2a-2b)	17.92	13.58	(99.73)	31.04	(37.46)	4.77	(105.18)	(115.71)	(224.45)	(66.32)
4	Interest expenses	-	21.17	0.12	0.37	-	-	158.81	130.57	158.93	152.11
5	Interest income	232.02	224.34	1.55	0.08	0.48	0.10	3.10	2.90	237.15	227.42
6	Income tax	-	-	-	-	-	-	17.17	4.84	17.17	4.84
7	Profit from ordinary activities (3-4+5-6)	249.94	216.75	(98.30)	30.75	(36.98)	4.87	(278.06)	(248.22)	(163.40)	4.15
8 a	Extraordinary loss/Expenses	-	-	-	-	-	-	-	-	-	-
8 b	Prior period adjustment (Debit)/Credit	0.98	3.79	0.07	0.05	-	-	(3.19)	9.87	(2.14)	13.71
	Total (8a-8b)	(0.98)	(3.79)	(0.07)	(0.05)	-	-	3.19	(9.87)	2.14	(13.71)
9	Net Profit (7-8)	250.92	220.54	(98.23)	30.80	(36.98)	4.87	(281.25)	(238.35)	(165.54)	17.86
10	Other Information										
a.	Segment assets	2,984.16	3,215.53	102.94	336.27	141.04	155.36	1,056.03	1,141.10	4,284.17	4,848.26
b.	Segment liabilities	1,367.76	1,801.16	241.87	206.99	45.85	75.15	1,737.44	1,708.17	3,392.92	3,791.47
c.	Capital Expenditure	-	-	-	-	-	-	2.68	1.77	2.68	1.77
d.	Depreciation	-	-	-	-	-	0.09	15.77	15.79	15.77	15.88
e.	Non-cash expenses other than depreciation	0.50	1.01	178.16	1.00	(6.81)	0.01	29.63	3.06	201.48	5.08

52. RELATED PARTY TRANSACTION

1. Key Management Personnel

i. Directors

a. Shri Khaleel Rahim*	Chairman & Managing Director
b. Shri Rajiv Chopra	Director (Marketing) (additional charge of CMD w.e.f. 18.11.2016)
c. Shri SanjeevK.Sharma	Director (Personnel) (additional charge of Director-Finance w.e.f. 31.10.2016)
d. Shri G. Ravichandran	Director (Finance) (up to 24.08.2016)
e. Shri P.K. Das	Director (Marketing)
f. Shri Sanjeev K. Gupta	Director (Marketing) (from 27.04.2016)

*Under suspension w.e.f. 18.11.2016 by order of the Government of India, Ministry of Commerce & industry, Department of Commerce

ii. Others

a. Ms. KanchanTripathi	Company Secretary (up to 11.08.2016)
b. Ms. RituArora	Company Secretary (from 11.08.2016)

ii. Relatives of Directors

None

Remuneration paid to Key Management Personnel ₹2.12 crore (₹1.51 crore).

2. Subsidiary

Transactions

- STCL Ltd. (Wholly Owned Subsidiary)
- Amount charged during the year for Rent & other common services
₹ Negligible (₹ Negligible)
Amount Received during the year: ₹ Negligible (₹ Negligible)
Balance at the year end - ₹4.19 crore (₹4.19 crore)
under Current Liabilities

The following officials of STC held Key Management position in the above company:

Name of the Officials

Designation

Shri Khaleel Rahim

Chairman (up to 18.11.2016)

Shri Rajiv Chopra

Chairman (from 30.01.2017)

3. Joint Ventures

- NSS Satpura Agro Development Company Limited

Note No: 53- Disclosure as per AS-15 (Employee Benefits)

General description of various defined employee benefit schemes are as under:

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expenses and is charged to the Statement of Profit & Loss. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government. Overall interest earnings and cumulative surplus is more than the statutory interest payment requirement.

B. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and his/her spouse are eligible for medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. Post-retirement medical benefits are recognised in the books as per the actuarial valuation. Total actuarial liability of ₹102.43 crore (₹96.95 crore) is estimated as per actuarial valuation as on 31.03.2017 for on roll and retired employees.

C. Leave

The Company provides for Earned Leave (EL) and Half Pay Leave (HPL) benefit to the employees of the Company which accrue annually at 30 days and 20 days respectively. The maximum ceiling for encashment of leave at time of superannuation/cessation from service other than on disciplinary ground shall be limited to 300 days (EL & HPL combined). 50% of EL subject to a maximum 150 days is en-cashable on resignation. EL is en-cashable while in service leaving a minimum balance of 15 days twice in a year. Total actuarial liability of ₹13.05 crore (₹15.57 crore) for EL and ₹14.30 crore (₹14.08 crore) for HPL is estimated as per actuarial valuation as on 31.03.2017.

D. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary plus dearness allowance) for each completed year

of service subject to a maximum of ₹10 lakhs on superannuation, resignation, termination, disablement or death. Total actuarial liability of ₹51.41 crore (₹52.34 crore) is estimated as per actuarial valuation as on 31.03.2017 for on roll employees.

E. Other Benefits

Service awards are given to regular employees for rendering continuous service in the Company for long service rendered by them on completion of 15/25/30/35/38 years of service. Besides this, service award @ ₹1,000/- per year for each completed year of service is also given at the time of retirement subject to a maximum of ₹30,000/-. Total actuarial liability of ₹1.53 crore (₹1.55 crore) is estimated as per actuarial valuation as on 31.03.2017 for on roll employees.

F. Pension

Company has defined contribution pension plan for its existing employees in pursuance to the guidelines issued by the Department of Public Enterprises. In this regard STC Employees Defined Contribution Superannuation Pension Trust has been formed. Under the scheme the employer's contribution is 9% of basic pay plus VDA of eligible employees and the funds of the trust are managed by LIC.

The summarised position of various defined benefits recognised in the Statement of Profit & Loss and Balance Sheet is as under.

i. Expenses recognized in Statement of Profit & Loss

(₹ in Crore)

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Current Service Cost	2.11	2.09	0.81	0.87	0.65	0.60
Past Service Cost	-	-	-	-	-	-
Interest Cost	4.06	4.28	1.21	1.25	1.09	1.10
Expected return on plan assets	(4.71)	(4.74)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	(2.68)	(1.67)	2.50	3.37	(0.87)	(0.20)
Expenses recognized in the Statement of Profit & Loss	(1.22)	(0.04)	4.52	5.49	0.87	1.50

ii. The amount recognized in the Balance Sheet

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Present value of obligation as on 31.3.2017	51.41	52.34	13.05	15.57	14.30	14.08
Fair value of plan assets as on 31.3.2017	52.54	52.30	-	-	-	-
Funded Status	1.13	(0.04)	(13.05)	(15.57)	(14.30)	(14.08)
Excess of actual over estimated	(0.73)	(0.57)	-	-	-	-
Net Asset/(Liability) recognized in the Balance Sheet	1.13	(0.04)	(13.05)	(15.57)	(14.30)	(14.08)

iii. Changes in the present value of defined benefit obligations:

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Present value of obligation as on 1.4.2016	52.34	53.54	15.57	15.66	14.08	13.77
Acquisition adjustment	0.10	0.03	-	-	-	-
Interest cost	4.06	4.28	1.21	1.25	1.09	1.10
Current Service Cost	2.11	2.09	0.81	0.87	0.65	0.60
Past Service Cost	-	-	-	-	-	-
Benefits paid	(3.79)	(5.36)	(7.04)	(5.58)	(0.65)	(1.18)
Actuarial (gain)/loss on obligation	(3.41)	(2.24)	2.50	3.37	(0.87)	(0.21)
Present value of the defined obligation as on 31.03.2017	51.41	52.34	13.05	15.57	14.30	14.08

iv. Changes in the fair value of plan assets:

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Fair value of plan assets as on 1.4.2016	52.30	52.70	-	-	-	-
Acquisition adjustment	0.10	-				
Expected return on plan assets	4.71	4.74	-	-	-	-
Contributions by employer	-	0.79	-	-	-	-
Excess return to STC	(.05)	-	-	-	-	-
Benefit paid	(3.79)	(5.36)	-	-	-	-
Actuarial gain / (loss)	(0.73)	(0.57)	-	-	-	-
Fair value of plan assets as on 31.3.2017	52.54	52.30	-	-	-	-

v. Actuarial Assumptions

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Discount rate	7.36%	7.75%	7.36%	7.75%	7.36%	7.75%
Expected return on plan asset	8.00%	9.00%	-	-	-	-
Future Salary Increase	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

The discount rate is generally based upon the market yields available on Government Bonds at the accounting date with a term that of the liabilities and the salary growth rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

54. Foreign Exchange Exposure as on 31.03.2017

(a) On STC's Account

(Foreign Currency in crore)

Particulars	Hedged		Un-hedged	
	Receivables	Payables	Receivables	Payables
USD	-(-)	-(0.19)	0.07 (0.07)	0.39 (19.10)

Note: The above excludes an amount of USD 41.47 crore (USD37.86crore) recoverable at average rate of 1 USD=Rs.46.10 (1 USD=Rs.46.18)freed as per conciliation agreement with the business associate.

(b) On Business Associate Accounts

Particulars	Hedged		Un-hedged	
	Receivables	Payables	Receivables	Payables
USD	-(-)	-(0.48)	31.54 (31.38)	0.43 (19.08)
EURO	-(-)	-(-)	0.21 (0.09)	0.05 (0.02)

55. As required by the Accounting Standard-28 on "Impairment of Assets", the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

56. Accounting policies, Schedules and Notes on accounts attached form an integral part of the accounts. Values in brackets indicate corresponding previous year figure. Wherever necessary, previous year figures have been rearranged/regrouped to make them comparable with those of current year.

For P.JAIN & COMPANY
Chartered Accountants
FRN: 000711C

Sd/-
(RAJIV CHOPRA)
Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-
(S.K. SHARMA)
Director (Personnel) with
additional charge of
Director (Finance)
DIN - 06942536

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

Sd/-
(B.R. DHAWAN)
Chief General Manager-Finance

Sd/-
(RITU ARORA)
Company secretary
FCS - 5270

Place: New Delhi
Date: 30.05.2017

**MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON
THE STANDALONE ACCOUNTS FOR THE YEAR 2016-17**

Comments of the Statutory Auditors	Management Replies
<p>Basis for Qualified Opinion</p> <p>(i) Reference is invited to Note no. 22.1 and 27.1, Trade receivable includes ₹1904.24 crore and other income includes interest of ₹231.93 crore booked during the current year on over dues from one of the business associates on account of goods supplied in earlier years. The dues are stated to be secured by EMD of ₹29.73 crore and personal guarantee of chairman of its holding company. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of ₹70.18 crore on the directions of Hon'ble Supreme Court. Considering the poor recovery, non-availability of security, dispute by party with respect to interest charged, and age of outstanding dues, interest income should not be recognized as per provisions of Accounting Standard-9 issued by ICAI. Had the company de-recognized the interest income, net loss of current year would have been higher by ₹231.93 crore, reserve & surplus and trade receivable would have been lower by ₹231.93 crore.</p> <p>Considering the overall circumstances surrounding the recoverability of outstanding dues of ₹1904.24 crore, we are not in a position to ascertain whether the amount is fully recoverable or not. We are informed by the management that petition for execution of decree as per Conciliation Agreements under the Arbitration and Conciliation Act, 1996 has been filed before the Hon'ble Supreme Court wherein it has been held that decree is final. The party has submitted payment proposal before the Hon'ble Apex Court which is still subjudice before the Hon'ble Apex Court. Cases U/s 138 of Negotiable Instruments Act are also filed by the company before the Hon'ble High Court Delhi. The Enforcement Directorate and CBI are also investigating into the matter about cheating and fraud done by the party. We have also been provided affirmative Board Resolution that all possible efforts are extended for recovery of the dues through legal process and company is assured of recovering the dues.</p>	<p>The Conciliation Agreement has been held as final by the Hon'ble Supreme Court. Further, the Company has also initiated proceedings against the associate under Section 138 NI Act. The associate has paid an amount of ₹841.41 crore after signing of Conciliation Agreement till May 2017 (including ₹70.18 crore during the financial year 2016-17). The associate on many occasions admitted their liability and also promised to pay STC the entire dues. The associate submitted its re-payment plan to STC from time to time. Since the matter is at advance stage of hearing in Hon'ble Supreme Court, the debt has been considered good and interest accrued has been considered as income during the financial year 2016-17. However, actual amount recoverable from the associate is much higher.</p>
<p>(ii) Reference is invited to Note no. 25.1, ₹7.81 crore is recoverable from HHEC and inspite of various assurances HHEC has not made the payment and in its latest letter dt. 08.02.2017, HHEC has stated that Company's position is still precarious as order position has not improved and new business visualized are not forthcoming etc. and</p>	<p>The major portion of the amount of ₹7.81 crore shown recoverable includes appx. ₹5.36 crore towards property tax out of which an amount of ₹3.50 crore (approx.) is the unpaid liability of HHEC towards property tax which STC has yet to pay and then recover from HHEC. STC has made submission to NDMC to re-assess the ratable value of JVB on various</p>

<p>HHEC has approached its Administrative Ministry for looking into matter and to extend financial support. The Company has also not obtained any balance confirmation from HHEC. Considering the above, provision should be made for the amount recoverable from HHEC. Had the company made provision of said recoverable, net loss of current year would have been higher by ₹7.81 crore, reserve & surplus and claims recoverable (current assets) would have been lower by ₹7.81 crore.</p>	<p>grounds. In the absence of any decision from NDMC, the exact liability is not ascertained. In view of above, matter is taken up with Ministry of Textiles and HHEC. Hence, no provision was made in the books of accounts.</p> <p>STC took up the matter with HHEC for confirmation of balance amount payable by them. However, no response was received. STC vide its letter dated 15.05.2017 requested HHEC to confirm the balance outstanding within 7 days, i.e. 25.05.2017 failing which it shall be deemed as confirmed.</p>
<p>(iii). Mumbai branch auditor has reported that debit balances appearing in Bhopal branch pertaining to security deposit and loans & advances of ₹0.19 crore has not been written off due to pending approval from Corporate Office. Had the company written off these balances, net loss of current year would have been higher by ₹0.19 crore, reserve & surplus and deposits and loans & advances would have been lower by ₹0.19 crore</p>	<p>The position will be reviewed during the current financial year and action will be taken accordingly.</p>
<p>Emphasis of Matters</p> <p>a. Reference is invited to Note no. 18.1 regarding trade advance of ₹87.39 crore recoverable from one of parties against which the company has initiated legal actions including criminal proceedings. Pending outcome of legal steps initiated for recovery, full provision of ₹87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of ₹110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the party and hearing is pending before Hon'ble High Court, New Delhi</p>	<p>STC had financed ₹124.79 Crore to an associate for purchase of old fertilizer plant from a public sector company. During the transaction, a sum of ₹37.40 crore was only recovered leaving a balance amount of ₹87.39 Crore for recovery. STC filed various court cases including arbitration proceedings against the Party. Arbitration award of ₹110 Crore plus interest was pronounced in favour of STC. The party filed objections under section 34 of Arbitration and Conciliation act, 1996 before the Hon'ble High Court, New Delhi, which is pending for hearing.</p> <p>Meanwhile STC sought the details of assets of the party through Court which have since been received from the party. STC carried out valuation of the said properties. It was found that properties did not satisfy the awarded amount. STC challenged the said assets/properties as disclosed by the respondents by filing an objection petition.</p> <p>There is an arbitral award dated 14.12.2016 passed in favour of M/s MMT in its arbitration with NLC in another matter between NLC and MMT. STC has filed an application in the Delhi High Court to secure the said awarded amount in STC's favour.</p>
<p>b. Reference is invited to Note no. 19.1, regarding long term trade receivable ₹568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of ₹527.86 crore has been admitted by the liquidator and decree for ₹62.47 crore by Hon'ble High Court Mumbai.</p>	<p>STC had exported pharmaceutical products for and on behalf of M/s. Rajat Pharmachem Ltd. to foreign buyers on back to back basis. The payment to the suppliers was to be made only upon realization of export proceeds from foreign buyers. However, the entire export proceeds could not be realized. Though, the bills of exchange were accepted by STC conditionally (subject to realization of export proceeds from foreign buyers), the associate discounted the same from their bankers against their limits. Banks have filed cases for</p>

<p>There is however corresponding credit balance of ₹568.44 crore under trade payables. Management does not anticipate any liability on this account.</p>	<p>recovery of their dues in DRTs making STC also a party to the proceedings. In one case a decree for an amount of ₹63 crore has been awarded by Mumbai High Court in favour of STC.</p> <p>STC is not out of pocket as on date and, as the transaction was on back to back basis, no liability on STC is anticipated.</p>
<p>c. Reference is invited to Note no. 19.2, regarding long term trade receivable of ₹787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹342.19 crore are available, leaving net receivable of ₹445.46 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution, full provision of ₹445.46 crore being net receivable, has been made in earlier year.</p>	<p>Under the scheme, Post Shipment Finance was taken place from Exim Bank to finance the export transaction. As per the agreement, the repatriation of the export proceeds was the responsibilities of associates. In some cases, the overseas buyers defaulted in payment, and the export proceeds was not realized. The matter is being pursued legally and company is hopeful of recovery. The matter is also under investigation by the concerned agencies. As a measure of abundant caution full provision of net receivable has been made. Under the circumstances, there is no likelihood of adverse impact on the reported figures in the financial statement. However, actual amount recoverable from the associate is much higher.</p>
<p>d. Reference is invited to Note no. 19.3, regarding long term trade receivables of ₹41.92 crore on account of export of agro commodities to foreign buyers through Indian business associates against which credit balance of ₹41.92 crore is available under trade payable. The foreign buyer defaulted in making payment and upon non-receipt of the dues from business associate; the Company has initiated necessary legal steps against business associates for recovery. Considering the legal enforceability of the agreement and corresponding credit of ₹41.92 crore, no provision is considered necessary.</p>	<p>The foreign buyer defaulted in making payment and upon non-receipt of the dues from the business associates, the company has initiated necessary legal steps for it's recovery. As corresponding credit of ₹41.92 crore is available under the back to back agreement, no provision is considered necessary. However, actual amount recoverable from the associate is much higher.</p>
<p>e. Reference is invited to Note no. 19.4, regarding long term trade receivables of ₹9.83 crore (net of provision for diminution in value of stock) recoverable from one of the business associates for goods sold in earlier years. The overdue is secured by pledge of stocks in favour of STC. Upon non-payment of overdue receivables, legal actions have been initiated against the business associate u/s 138 of Negotiable Instruments Act, 1881 and civil hearings are in progress. Another PSU company MSTC had made a claim in respect of ownership of some of the pledged stock sold by the STC to business associate. As on balance sheet date, the pledged stock has been valued at ₹9.83 crore by approved valuer and STC is awaiting further direction from Hon'ble Mumbai High Court.</p>	<p>Associate submitted four cheques valuing ₹8.62 Cr which were deposited with the bank. Consequent upon dishonoring of the same, statutory notice and criminal complaints u/s 138 of the N.I. Act were filed before MM Court, PHC which are pending. NDOH is 14.11.2017.</p> <p>Since M/s MSTC tried to take over the stocks pertaining to STC stored in the premises of M/s Conros and under the control of CWC. STC filed a declaratory suit before Panvel Court, Mumbai to declare that the stocks belonging to STC whereas, against STC order was passed by Panvel Court in favour of MSTC to take delivery of the stock.</p> <p>Against this, STC filed an appeal before Bombay High Court, who directed the Panvel Court to decide the ownership of the cargo. On last date of hearing, i.e. 04.07.17, cross examination of STC's witness was completed. Further, STC Mumbai has submitted its acceptance of valuation report of ₹9.83 Cr before the Hon'ble Panvel Court. NDOH is 15.09.17 for appearance of e auctioning agency M- junction. However, actual amount recoverable from the associate is much higher.</p>

<p>f. Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹48.57 crore due from one of the Business Associates for goods sold in earlier years. The Company has filed winding up petition which has now been transferred to NCLT Kolkata. Proceedings u/s 340 of CRPC is under progress at Balasore District Court. The business associate has paid a sum of ₹10 crore during the year and another ₹7 crore before the approval of financial statements. As a measure of abundant caution, provision of ₹41.57 crore has been made in current year.</p>	<p>STC has filed winding up petition before Cuttack High Court in Jan, 2015 which now stands transferred to company Tribunal, Kolkata in view of Govt. notification dated 15.12.2016. Same has reached NCLT, Kolkata. STC Kolkata Branch has informed C.O. about some defects in the petition, which are being rectified by Kolkata branch/local advocate.</p> <p>STC on 16.12.2015 has filed an application u/s 340 Cr. PC before Balasore District Court for initiation of appropriate proceedings in accordance with provisions of law in view of suppression of material facts and misleading the Court by M/s BAL who obtained an ex-parte injunction fraudulently. Kolkata Branch is monitoring the matter and NDOH is yet to be informed.</p>
<p>g. Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the years 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. As a matter of prudence, provision of ₹10.21 crore has been made in current year.</p>	<p>The matter pertaining to STC's pending claim of ₹10.21 Crore is being regularly followed-up with MARKFED, Govt. of Maharashtra. However, as a matter of prudence, provision of ₹10.21 crore has been made by STC in the financial year 2016-17.</p>
<p>h. Reference is invited to Note no. 19.9, regarding long term trade receivable of ₹122.95 crore from one of the business associate for goods sold in the earlier years which is overdue. Negotiation with a PSU for selling of the stocks, which has acquired the plant and machinery, is under progress. As a matter of prudence, full provision for ₹122.95 crore has been created during the current year.</p>	<p>Since the operation/production of the company (JCL) is under liquidation/suspended during the year, 2009, after filing of winding up petition by one/two creditors, Gujarat High Court (GHC) has appointed Official Liquidator (OL) as a custodian for the same. STC has filed its claim before the OL for ₹389.96 cr in Form 66. In addition to this, STC has also filed number of applications before the GHC to restrain OL to take control of the stocks pledged by JCL with STC and to allow STC to draw samples for chemical analysis so that STC can ultimately sell the stocks and to recover the debts. STC has filed criminal complaint in Jhagadia Court against ARCIL and ICICI Bank for breach of trust etc., the next date of which is yet to be posted by the Hon'ble Jhagadia Court. During November 2016, ARCIL filed SLP against OL & Others before Hon'ble Supreme Court against the decision of Division Bench, Gujarat High Court. On July 5th 2017, SLP was disposed off by Supreme Court. Matter relating to Application nos. 116/2015 and 276/2017 came up before Hon'ble High court Gujarat on 20.07.2017 when OL has taken adjournment for filing reply to our Application which is now fixed on 28.08.2017. However, actual amount recoverable from the associate is much higher.</p>
<p>i. Reference is invited to Note no. 19.11 regarding long term trade receivables of ₹17.28 crore recoverable from one of the business associates for goods sold in earlier years. Criminal complaints u/s 138 of Negotiable</p>	<p>Although full provision of ledger balance amount of ₹17.28 Cr has been made during F.Y.16-17 but for early recovery of outstanding dues and as a matter of abundant caution and to put pressure on the Associate on 07.06.17, pre-summoning</p>

<p>Instruments Act, 1881 and contempt application filed before Hon'ble High Court, New Delhi are under progress against the business associate. As a matter of prudence, provision for full amount of ₹17.28 crore has been made in current year.</p>	<p>evidence by STC was carried out in criminal complaint u/s. 138 of N.I. Act. PF/RC has to be filed by STC so that accused persons could be summoned. NDOH is 21.11.2017.</p> <p>-Simultaneously, two Evidences by way of Affidavit from Marketing & Finance are being filed before ICA where STC has lodged its claim of ₹69.72 Cr recoverable from the Associate. Furthermore, STC is also filing another criminal complaint before Judicial/Metropolitan Magistrate at Mumbai to order Police authorities to register FIR against the accused/associate for theft of stocks. Even the stocks of sister concern of the associate (TSPPL) valuing ₹29 Cr (approx.) (as on 19.11.16) is in the custody/control of CWC. STC has filed contempt petition before Hon'ble Delhi High Court for not adhering to their undertaking submitted before M.M. Court. STC has not accepted the offer of AMPL and the matter is now listed for 20.09.17. However, actual amount recoverable from the associate is much higher.</p>
<p>j. Reference is invited to Note no. 22.2, regarding trade receivables of ₹10.53 crore recoverable from one of the Business Associates for sale of coal. A provision of ₹3.33 crore has been made in the current year. The balance dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. The Company has filed legal and criminal case against Business Associate.</p>	<p>The part dues are secured by mortgage of free hold land after the provisioning of ₹3.33 crore made during last F.Y.</p> <p>STC has initiated process for sale of mortgaged property. M/s Comcast Steel & Power Ltd. (earlier DSL) vide their letter dated 06.03.2017 has conveyed their no objection for sale of the hypothecated property in as is whereas condition.</p> <p>Further, STC has initiated legal and criminal cases against business associate and pursuing the issues vigorously to recover outstanding dues. However, actual amount recoverable from the associate is much higher.</p>
<p>k. Reference is invited to Note no. 22.4, regarding trade receivables of ₹64.23 crore for urea supplied to Department of Fertilizers (DOF). The payments have been withheld on account of quality parameters. The matter has been taken up with DOF and DOF has referred the matter to Ministry of Law for opinion. Consequently PBG of foreign suppliers amounting to ₹20.56 crore has been invoked. The matter is being continuously pursued with DOF for immediate settlement of the issues and release of payments. In view of above, no provision is considered necessary.</p>	<p>Regarding trade receivable from DOF withheld on account of particle size variation in Urea imported in July 2015, the matter was referred to Ministry of Law (MoL) for opinion. MoL has opined that recovery of full cost is not possible and only penalty as per contract can be levied. The matter is now being referred to Committee of Secretaries (SoS).</p> <p>For Release of payments by delinking with the issue of particle size of past imports, DOF has referred the matter to Department of Expenditures (DoE). The matter has been pursued with them and on their verbal advise an undertaking to release the payment conditionally, has been submitted in DOF. Consequently, DOF has released an amount of ₹58.47 crore upto 23.08.2017. The payment of balance amount is under process Hence, no provision is considered necessary.</p>
<p>l. Reference is invited to Note no. 45(b), regarding contingent liability of ₹88.01 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble High Court New Delhi and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was under taken on their behalf. In view of the above, no provision is considered necessary.</p>	<p>The said transaction for Import of Pulses was undertaken by STC on behalf of Ministry of Consumer Affairs. Contingent liability includes an amount of ₹88.01 Crore payable to foreign supplier as per Arbitral Award. STC has challenged the Arbitral Award in the Hon'ble Delhi High Court and has simultaneously also raised claim on Ministry of Consumer Affairs. Accordingly, no provision has been considered necessary.</p>

<p>m. Reference is invited to Note no. 45(c), regarding contingent liability of ₹74.92 crore along with interest payable to a foreign supplier on account of import of Urea in earlier years as per majority arbitration award passed in favour of foreign supplier. The company has filed an appeal against the majority arbitration award in the Hon'ble Delhi High Court. In view of above, no provision is considered necessary.</p>	<p>The matter is currently sub-judice and next date of hearing is on 10.08.2017.</p>
<p>n. Reference is invited to Note no. 47 & 48 relating to pending reconciliation/confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.</p>	<p>Balances of debtors/creditors and liabilities are being reconciled after completion of each transaction and the accounts are settled with the associates. However, confirmation of balances in respect of debtors/creditors involving legal cases are not obtained as it may affect the legal proceedings.</p>
<p>Annexure 'A' to Independent Auditor's Report: 1 (a). The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except that absence of proper tagging at Mumbai Branch, proper records not maintained at Agra branch and updation of fixed asset register at Corporate Office</p>	<p>All fixed assets of Mumbai Branch are already tagged. Records pertaining to Agra Branch, same is being taken care including showing full particulars, quantitative details and situation of fixed assets etc.</p>
<p>(b) The fixed assets were physically verified by the management during the year. We have been informed that no material discrepancies were noticed on such physical verification wherever done, except at Mumbai branch where the management is in process of reconciling the discrepancies noticed on such physical verification and at Corporate Office where certain assets having book value of ₹8.72 crore pending for verification.</p>	<p>Reconciliation of fixed assets has been completed at Mumbai. In case of C.O., assets having book value of ₹8.72 crore have been duly verified</p>
<p>(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for immovable properties referred to in Annexure-E whose title deeds are not held in the company's name.</p>	<p>Since the process involves substantial amount of money, action would be taken in a phased manner depending upon the profitability of the Company.</p>
<p>10. According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit except a case of conspiracy, cheating, fraud and misappropriation of stocks during the year 2004 to 2016 by a business associate having outstanding balance of ₹1904.24 crore under overseas trade. It was informed that criminal complaint was lodged with Central Bureau of Investigation, New Delhi on 14.03.2017 and the matter is under investigation.</p>	<p>The matter is still under investigation.</p>

<p>Annexure 'B' to Independent Auditor's Report:</p> <p>Report on the Internal Financial Controls under Clause (l) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")</p> <p>Basis for Qualified Opinion</p> <p>(i). Following design gap are noticed in IFCFR such as lawyer's certificate not taken in litigation cases, monitoring and record keeping of pledged/owned inventory not maintained, manual invoicing and absence of track record for invoicing, ageing analysis and reconciliation with vendors not reviewed, no policy for credit evaluation and customer acceptance, manual calculations for leaves, no HR Software, acknowledgement by the user not taken for receipt of fixed assets of required specification, compliance calendar not documented, absence of review mechanism, job responsibilities not defined, rules and regulations not authenticated by authorized signatory, IT policy not documented, disaster management plan not documented, no data backup for divisions other than corporate accounts, data backup of accounting records not maintained for branches.</p>	<p>As per Internal Financial Control on financial reporting, reports system updation is under progress.</p> <p>The Corporate performance is reviewed from time to time in various meetings held with concerned Trading Divisional Heads at C.O. as also with Heads of Branches through Video Conferencing. Besides, legal cases and recovery cases are also reviewed from time to time. The overall performance of the Corporation and major cases of recovery are also reviewed by the Board every quarter.</p> <p>Implementation of Payroll System and linking the same with Bio-metric attendance system at the organizational level along with online Performance Management System and Leave Management over cloud is being proposed.</p> <p>IT Security Policy has been drafted and is being put up for consideration of the Management.</p> <p>In the absence of any LAN / WAN to interconnect computers at C.O. and Branches, possibility of implementation of Back Up system on Cloud is being explored.</p>
<p>(ii). With respect to Mumbai branch of the Company, the branch auditor has reported certain material weaknesses in internal financial control over financial reporting such as inadequate- IT & general controls, internal control system with regards to pledged inventory, customer acceptance & credit evaluation, internal audit coverage, large financial exposure in litigated matters & pending statutory litigation involving tax demands, financial reporting system, delay in booking of expenses and compliance with statutory dues etc.</p>	<p>Necessary steps are being taken for strengthening Internal Financial Control system.</p>
<p>(iii). With respect to Cochin branch of the company, the branch auditor has reported that payment to cardamom planters during the period upto 08.11.2016 was made by way of bearer cheques which is against the principal of effective internal financial control.</p>	<p>The payment to Cardamom Planters are made by the Bearer Cheques as per the general practice followed in the Cardamom Trade. Payment to the Cardamom Planters under auction at Bodinayakannur is made by way of Bearer Cheques. It is coming under exemption mentioned under Rule 6DD read with Section 40A(3) of income tax act of being payment to the cultivator, grower, a producer in respect of Agricultural or Forest Produce. All the other Cardamom Auctioneers are also following the same practice of issuing the Bearer Cheques. Moreover, majority of the planters are not willing to accept any other mode of payment. Branch is effecting payment through NEFT/RTGS to those planters who have provided their account details.</p>

(iv). Reference is invited to Note no. 47 & 48 relating to pending reconciliation/confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation

Balances of debtors/creditors and liabilities are being reconciled after completion of each transaction and the accounts are settled with the associates. However, confirmation of balances in respect of debtors/creditors involving legal cases are not obtained as it may affect the legal proceedings.

Sd/-

B.R. Dhawan

Chief General Manager (Finance)

Sd/-

Rooma Nagrath

General Manager (Finance)

Sd/-

Rajiv Chopra

Director (Marketing)
Additional charge of CMD
DIN 06466326

Sd/-

S. K. Sharma

Director (Personnel)
Additional charge of Dir (Finance)
DIN 06942536

Form AOC-1

(Pursuant to first proviso to sub section (3) of Section 129 of the Companies Act, 2013 read with rule 5 of Companies (Account) Rules, 2014)

Part "A" Subsidiaries

Statement containing salient features of the financial Statement of Subsidiaries/Associate Companies/Joint Ventures

As at March 31, 2017

(₹ in crore)

Sl. No.	Particulars	Amount
1.	Name of Subsidiary	STCL Limited
2.	Reporting period of the subsidiary company concerned, if different from the holding company's reporting period	Same as holding company
3.	Reporting currency and exchange rates as on the last date of the Relevant Financial year in case of foreign subsidiaries.	Indian Rupees
4.	Share Capital	1.50
5.	Reserve & Surplus	(3,905.98)
6.	Total Assets	10.79
7.	Total Liabilities	3,915.27
8.	Investments	0.02
9.	Turnover	-
10.	Profit before taxation	(562.77)
11.	Provision for taxation	-
12.	Profit after taxation	(562.77)
13.	Proposed Dividend	-
14.	% of Shareholding	100%

Note:

1. Name of the subsidiaries which are yet to commence operations - NIL
2. Name of the subsidiaries which have been liquidated or sold during the year - NIL

Part "B" Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 Related to Associate Companies and Joint Ventures

As at March 31, 2017

Sl. No.	Name of the Associates/Joint Ventures	NSS Satpura Development Company Limited
1.	Latest Audited Balance Sheet Date	Not Available
2.	Share of Associate/Joint Ventures held by the Company including Subsidiary company on the year end-No. of equity shares	200000
3.	Amount of Investment in Associate/Joint Ventures-Equity Shares	2000000
4.	Extent of holding (%)	50
5.	Description of how there is significant influence	Not Available
6.	Networth of the Company	Not Available
7.	Reason why the Associate/Joint Venture is not consolidated	Audited Accounts not available
8.	Networth attributable to share holding as per latest Audited Balance Sheet (Equity Only)	Not Available
9.	Profit/Loss for the year	
	(i) Considered in consolidation	Not Available
	(ii) Not Considered in consolidation	Not Available

Note: The requisite information in respect of associate companies namely Richfield Aquatech Ltd., Blue Maritech Ltd., National Tannery Company Ltd. & Indopirin Gloves Limited is not readily available. As these companies are dormant/under liquidation.

For P.JAIN & COMPANY

Chartered Accountants
FRN: 000711C

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

Sd/-
(RAJIV CHOPRA)
Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-
(B.R. DHAWAN)
Chief General Manager-Finance

Sd/-
(S.K. SHARMA)
Director (Personnel) with additional
charge of Director (Finance)
DIN - 06942536

Sd/-
(RITU ARORA)
Company secretary
FCS - 5270

Place: New Delhi
Date: 30.05.2017



CONSOLIDATED FINANCIAL RESULTS 2016-17

INDEPENDENT AUDITOR'S REPORT

To the Members of

The State Trading Corporation of India Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **THE STATE TRADING CORPORATION OF INDIA LIMITED** ("the Holding Company") and its subsidiary (collectively referred as "the Group"), which comprise the consolidated Balance Sheet as at 31st March, 2017, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for preparation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

- (i) Reference is invited to Note no. 22.1 and 27.1, Trade receivable includes ₹1904.24 crore and other income includes interest of ₹231.93 crore booked during the current year on over dues from one of the business associates on account of goods supplied in earlier years. The dues are stated to be secured by EMD of ₹29.73 crore and personal guarantee of chairman of its holding company. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of ₹70.18 crore on the directions of Hon'ble Supreme Court. Considering the poor recovery, non-availability of security, dispute by party with respect to interest charged, and age of outstanding dues, interest income should not be recognized as per provisions of Accounting Standard-9 issued by ICAI. Had the company de-recognized the interest income, net loss of current year would have been higher by ₹231.93 crore, reserve & surplus and trade receivable would have been lower by ₹231.93 crore.

Considering the overall circumstances surrounding the recoverability of outstanding dues of ₹1904.24 crore, we are not in a position to ascertain whether the amount is fully recoverable or not. We are informed by the management that petition for

execution of decree as per Conciliation Agreements under the Arbitration and Conciliation Act, 1996 has been filed before the Hon'ble Supreme Court wherein it has been held that decree is final. The party has submitted payment proposal before the Hon'ble Apex Court which is still subjudice before the Hon'ble Apex Court. Cases U/s 138 of Negotiable Instruments Act are also filed by the company before the Hon'ble High Court Delhi. The Enforcement Directorate and CBI are also investigating into the matter about cheating and fraud done by the party. We have also been provided affirmative Board Resolution dt. 14.02.2017 and outcome dated 30.05.2017. That all possible efforts are extended for recovery of the dues through legal process and company is assured of recovering the dues.

- (ii) Reference is invited to Note no. 25.1, ₹7.81 crore is recoverable from HHEC and in spite of various assurances HHEC has not made the payment and in its latest letter dt. 08.02.2017, HHEC has stated that Company's position is still precarious as order position has not improved and new business visualized are not forthcoming etc. and HHEC has approached its Administrative Ministry for looking into matter and to extend financial support. The Company has also not obtained any balance confirmation from HHEC. Considering the above, provision should be made for the amount recoverable from HHEC. Had the company made provision of said recoverable, net loss of current year would have been higher by ₹7.81 crore, reserve & surplus and claims recoverable (current assets) would have been lower by ₹7.81 crore.
- (iii) Mumbai branch auditor has reported that debit balances appearing in Bhopal branch pertaining to security deposit and loans & advances of ₹0.19 crore has not been written off due to pending approval from Corporate Office. Had the company written off these balances, net loss of current year would have been higher by ₹0.19 crore, reserve & surplus and deposits and loans & advances would have been lower by ₹0.19 crore.

Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated financial statements:

- a) Reference is invited to Note no. 18.1 regarding trade advance of ₹87.39 crore recoverable from one of parties against which the company has initiated legal actions including criminal proceedings. Pending outcome of legal steps initiated for recovery, full provision of ₹87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of ₹110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the party and hearing is pending before Hon'ble High Court, New Delhi.
- b) Reference is invited to Note no. 19.1, regarding long term trade receivable ₹568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of ₹527.86 crore has been admitted by the liquidator and decree for ₹62.47 crore by Hon'ble High Court Mumbai. There is however corresponding credit balance of ₹568.44 crore under trade payables. Management does not anticipate any liability on this account.
- c) Reference is invited to Note no. 19.2, regarding long term trade receivable of ₹787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹342.19 crore are available, leaving net receivable of ₹445.46 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution, full provision of ₹445.46 crore being net receivable, has been made in earlier year.
- d) Reference is invited to Note no. 19.3, regarding long term trade receivables of ₹41.92 crore on account of export of agro commodities to foreign buyers through Indian business associates against which credit balance of ₹41.92 crore is available under trade payable. The foreign buyer defaulted in making payment and upon non-receipt of the dues from business associate, the Company has initiated necessary legal steps against business associates for recovery. Considering the legal enforceability of the agreement and corresponding credit of ₹41.92 crore, no provision is considered necessary.
- e) Reference is invited to Note no. 19.4, regarding long term trade receivables of ₹9.83 crore (net of provision for diminution in value of stock) recoverable from one of the business associates for goods sold in earlier years. The overdue is secured by pledge of stocks in favour of STC. Upon non-payment of overdue receivables, legal actions have been initiated against the business associate u/s 138 of Negotiable Instruments Act, 1881 and civil hearings are in progress. Another PSU company MSTC had made a claim in respect of ownership of some of the pledged stock sold by the STC to business associate. As on balance sheet date, the pledged stock has been valued at ₹9.83 crore by approved valuer and STC is awaiting further direction from Hon'ble Mumbai High Court.
- f) Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹48.57 crore due from one of the Business Associates for goods sold in earlier years. The Company has filed winding up petition which has now been transferred to NCLT Kolkata. Proceedings u/s 340 of CRPC is under progress at Balasore District Court. The business associate has paid a sum of ₹10 crore during the year and another ₹7 crore before the approval of financial statements. As a measure of abundant caution, provision of ₹41.57 crore has been made in current year.
- g) Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the years 2010-11 and 2011-12.

All amounts relating to this supply were received by the Company except the outstanding balance of ₹10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. As a matter of prudence, provision of ₹10.21 crore has been made in current year.

- h) Reference is invited to Note no. 19.9, regarding long term trade receivable of ₹122.95 crore from one of the business associate for goods sold in the earlier years which is overdue. Negotiation with a PSU for selling of the stocks, which has acquired the plant and machinery, is under progress. As a matter of prudence, full provision for ₹122.95 crore has been created during the current year.
- i) Reference is invited to Note no. 19.11 regarding long term trade receivables of ₹17.28 crore recoverable from one of the business associates for goods sold in earlier years. Criminal complaints u/s 138 of Negotiable Instruments Act, 1881 and contempt application filed before Hon'ble High Court, New Delhi are under progress against the business associate. As a matter of prudence, provision for full amount of ₹17.28 crore has been made in current year.
- j) Reference is invited to Note no. 22.2, regarding trade receivables of ₹10.53 crore recoverable from one of the Business Associates for sale of coal. A provision of ₹3.33 crore has been made in the current year. The balance dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. The Company has filed legal and criminal case against Business Associate.
- k) Reference is invited to Note no. 22.4, regarding trade receivables of ₹64.23 crore for urea supplied to Department of Fertilizers (DOF). The payments have been withheld on account of quality parameters. The matter has been taken up with DOF and DOF has referred the matter to Ministry of Law for opinion. Consequently PBG of foreign suppliers amounting to ₹20.56 crore has been invoked. The matter is being continuously pursued with DOF for immediate settlement of the issues and release of payments. In view of above, no provision is considered necessary.
- l) Reference is invited to Note no. 45(b), regarding contingent liability of ₹88.01 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble High Court New Delhi and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was under taken on their behalf. In view of the above, no provision is considered necessary.
- m) Reference is invited to Note no. 45(c), regarding contingent liability of ₹74.92 crore along with interest payable to a foreign supplier on account of import of Urea in earlier years as per majority arbitration award passed in favour of foreign supplier. The company has filed an appeal against the majority arbitration award in the Hon'ble Delhi High Court. In view of above, no provision is considered necessary.
- n) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.
- o) Reference is invited to Note no. 62.iii.a of the notes to consolidated financial statement which states that, the accounts of the subsidiary Company are prepared based on the assumption that the Company is not going concern due to following reasons :
 - i) The Shareholders of the subsidiary Company in their Extraordinary General Meeting held on 12.09.2013 had approved winding up of the Company under 433 (a) of the Companies Act, 1956.
 - ii) Department of Commerce, Ministry of Commerce and Industry vide its letter dated 26.08.2013 had conveyed approval of the Union Cabinet for winding up of the subsidiary Company and to offer voluntary Separation Scheme (VSS) to the Employees.
 - iii) Subsidiary Company had filed winding up petition before the Hon'ble High Court of Karnataka on 26.11.2013.

Accordingly, the Subsidiary Company has drawn the accounts on liquidation basis i.e. assets have been revalued on realizable basis, whereas the liabilities towards the bank have been stated at book value, in view of legal cases initiated by the banks against the Subsidiary Company for recovery of their dues and all other liabilities at their settlement value.

- p) Reference is invited to Note no. 10.5 of the Notes to consolidated financial statements which states that, interest payable of ₹2723.60 crore on the principal amount due to the banks is arrived on the basis of the interest rates disclosed in the Debit Recovery Tribunal application filed by banks. Interest provision of ₹559.59 crore have been made by the subsidiary company for the current financial year. However no confirmation is received from the banks for interest payable.
- q) Reference is invited to Note no. 60 of Notes to consolidated financial statements which states that in cases where the Subsidiary Company has made provision for Doubtful Debts, no further interest/addition margin of profit is recognized after they have been classified as doubtful debts. Any amount received from these parties after being classified as doubtful debts is being credited to their accounts and necessary entry for withdrawal of provisions are made. Only after the full receipt of the balance outstanding as per books, the interest/additional margin of profit will be recognized on cash basis.
- r) Reference is invited to Note no. 32.2 of Notes to consolidated financial statements which states that, the interest rates considered for computation of interest on short term borrowings related to devolved LC's are based on the claims of the consortium of banks with the Debt Recovery Tribunal (DRT)
- s) Reference is invited to Note no. 45(e)(vi, vii & viii) where it is mentioned that the Subsidiary Company has made provision for

payment of interest as per the claim made by the consortium banks in the DRT up to 20.07.2011 and further interest are provided at the rates mentioned in the DRT application by the banks. Excess interest/penal interest/liquidated damages claimed by the banks as shown in their balance confirmation certificate amounting to ₹165.84 crore (included in Note 45.1.A) has been shown under contingent liability. However, the contingent liability as shown in Notes consists only of those banks who have given their balance confirmation certificate.

- t) Reference is invited to Note no. 8.4 of Notes to consolidated financial statements which states that, the total liability to banks along with interest amounting to ₹3908.85 crore is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. Confirmation of outstanding interest has not been received from the banks. The Subsidiary Company has considered interest payable as claimed at the rates disclosed in their DRT application filed by UCO Bank and consortium of other Banks. Cash credit/short term loan is as per the DRT (Debt Recovery Tribunal) application filed by consortium of seven banks and UCO Bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO Bank. The Subsidiary Company has created pari-passu charge on current assets in favour of the banks and also surrendered the documents of immovable property situated at Chhindwara (3.239 hectares), Byadgi (5 Acres), Siddapura (2.20 acres) and Madikeri (0.50 acres) in favour of the Bankers. In view of the immovable properties of STCL given as security, an estimated amount of ₹1.83 crore out of the total advances can be considered as secured. The consortium of bank and UCO Bank have filed cases separately against the company with the DRT, wherein with regard to UCO Bank recovery case, DRT has passed an order dt. 29.09.2015 for recovery of ₹148.18 crore. However, the Subsidiary Company has challenged DRT order at DRAT Chennai. The banker have also issued notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act, 2002. Further based on the above, the bankers have issued two Possession Notices one on 26.10.2011 on Factory Land and Building located at Byadagi and another on 17.11.2011 on Factory Land and Building located at Chhindwara, Madhya Pradesh.
- u) Reference is invited to Note no. 16.1 of the Notes to consolidated financial statements with respect to investment in Shares of NSS Satpura Agro Development Corporation Ltd., which states as follows :
- The Joint Venture Company has incurred losses and its cumulative losses is ₹0.30 crore up to 31st March, 2013 and details of subsequent period are not available, the company has written off ₹0.07 crore towards permanent diminution in its investment value up to earlier years. The audited financial statements of NSS Satpura are not available for the subsequent periods. The Subsidiary Company's Board approved in its 142nd Board Meeting held on 24.10.2013 for withdrawal from the Joint Venture Company NSSADCL.
- v) Reference is invited to Note no. 45(e)(xi) which states that, subsequent to filing of arbitration petitions of M/s Shiva Shankar Minerals Private Limited against STCL and on completion of arbitration process ₹6.07 crore including legal fees of ₹0.27 crore was awarded in favour of M/s Shiva Shankar Minerals Private Limited. STCL has filed an appeal against the arbitration award which is pending before the City Civil Court, Bangalore.
- w) Reference is invited to Note no. 24.2 which states that the Subsidiary Company has engaged the services of Govt. and Bank Registered Valuer to value the properties of business associates Future Metal Pvt. Ltd. and Indo Asia Infrastructure Pvt. Ltd. for which injunction on sale of above assets has been obtained from the court. While going through the Valuation Report, it was found that there is difference in village-wise land holdings valued in 2012 and 2016 and the valuation has decreased from ₹548.45 crore to ₹400.28 crore. No satisfactory explanation has been furnished to us.

Our opinion is not modified in respect of these matters.

Qualified Opinion

In our opinion and to the best of our information, according to the explanations given to us and except for the matters described in the Basis for Qualified Opinion paragraph referred above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017 and its loss and its cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of one subsidiary included in the consolidated financial results, whose financial statements reflect total assets of ₹10.79 crore as at March 31, 2017, total revenues of ₹0.34 crore for the year ended March 31, 2017, cash flows amounting to (-) ₹0.02 Crore, and total loss after tax of ₹562.77 crore for the year ended March 31, 2017, as considered in the consolidated financial results. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of other auditor on such audited financial statements of the subsidiary.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below, is not

modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

Attention is drawn to note no. 16.1 regarding non consolidation of financial statements of Joint Ventures namely NSS Satpura Agro Development Co. Limited, and associates Richfield Aquatech Ltd, Blue Maritech Ltd, National Tannery Company Ltd, Indopirin Gloves Ltd due to non-availability of financial statements for the year 2016-17. However, as regards M/s Sealac Agro Ventures Limited no details were provided and disclosed in consolidated financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report to the extent applicable that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements except
 - (i) certain records/information at Mumbai branch of Holding Company and
 - (ii) balance confirmation of parties as mentioned in para no. (n) above under Emphasis of Matters.
 - (b) Except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of other auditor, however the system of maintaining stock records by branch of Holding Company with respect to goods kept with third party need to be ensured.
 - (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) Except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
 - (e) The matters described in the Basis of Qualified Opinion paragraph above, in our opinion may have an adverse effect on functioning of the Group.
 - (f) Being a Government Company, section 164(2) of Companies Act, 2013 regarding whether any director is disqualified from being appointed as a director is not applicable to the Company in view of notification no. G.S.R.463 (E) dt. 05.06.2015.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure 'A', and
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group refer Note No. 8.4, 18.1, 19.1 to 19.06, 19.09, 19.11, 22.1, 22.2, 24.2, 45, 46, 59 to the consolidated financial statements.
 - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.
 - iv. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the Management - Note no. 23.1.

For P. Jain & Company
Chartered Accountants
Firm Regn. No.000711C

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

Place : New Delhi
Date : 30.05.2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED

Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of THE STATE TRADING CORPORATION OF INDIA LIMITED (hereinafter referred to as "the Holding Company") as of that date. We did not audit the financial statements of one Subsidiary, which have been audited by the other Auditor.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting (IFCFR)

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

A. With respect to holding company, following material weaknesses have been identified as at 31st March, 2017.

- (i) Following design gaps are noticed in IFCFR such as lawyer's certificate not taken in litigation cases, monitoring and record keeping of pledged/owned inventory not maintained, manual invoicing and absence of track record for invoicing, ageing analysis and reconciliation with vendors not reviewed, no policy for credit evaluation and customer acceptance, manual calculations for leaves, no HR Software, acknowledgement by the user not taken for receipt of fixed assets of required specification, compliance calendar not documented, absence of review mechanism, job responsibilities not defined, rules and regulations not authenticated by authorized signatory, IT policy not documented, disaster management plan not documented, no data backup for divisions other than corporate accounts, data backup of accounting records not maintained for branches.
- (ii) With respect to Mumbai branch of the holding company, the branch auditor has reported certain material weaknesses in internal financial control over financial reporting such as inadequate- IT & general controls, internal control system with regards to pledged inventory, customer acceptance & credit evaluation, internal audit coverage, large financial exposure in litigated matters & pending statutory litigation involving tax demands, financial reporting system, delay in booking of expenses and compliance with statutory dues etc.
- (iii) With respect to Cochin branch of the holding company, the branch auditor has reported that payment to caradmom planters during the period upto 08.11.2016 was made by way of bearer cheques which is against the principle of effective internal financial control.
- (iv) Reference is invited to Note no. 47 & 48 relating to pending reconciliation/ confirmation of balances in parties' accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.

B. With respect to subsidiary company following material weaknesses have been identified as at 31st March, 2017

- 1) The subsidiary Company did not have appropriate internal control with respect to reconciliation of Trade Receivables, Trade Payables, other Creditors and Business Associates, which could result in the material misstatement in books of accounts.
- 2) The lease rent of steam sterilization unit located in Chhindwara, Madhya Pradesh was not collected during the period of lease i.e. 1st November, 2013 till the lease was terminated as on 31st January 2015. The subsidiary Company has not exercised its right to terminate the lease despite rent remaining unpaid throughout the lease period. The subsidiary Company has not filed any suit against the lessee for recovery of its dues.
- 3) Attention is drawn to Note no. 24.2 which states that the Subsidiary Company has engaged the services of Govt. and Bank Registered Valuer to value the properties of business associates Future Metal Pvt. Ltd. and Indo Asia Infrastructure Pvt. Ltd. for which injunction on sale of above assets has been obtained from the court. While going through the Valuation Report, it was found that there is difference in village-wise land holdings valued in 2012 and 2016 and the valuation has decreased from ₹548.45 crore to ₹400.28 crore. No satisfactory explanation has been furnished to us.
- 4) Attention is drawn to note no. 18.3, where it is mentioned that the subsidiary Company is in the process of liquidating the stocks through tender process since the past few years, the same has not been liquidated till date.
- 5) The subsidiary Company has rent advance to the tune of ₹4.18 crore with holding company, given towards occupation of earlier premises taken from holding company which has been terminated.
- 6) The Board of Directors of subsidiary Company had delegated certain powers to the Managing Director vide 107th Board Resolution dated 27th January, 2006, however, no review of the same has been made subsequently till date.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, the Holding Company and its one subsidiary company which are entities incorporated in India, have, except for effects of the material weaknesses described above on achievement of the objectives of the control criteria, the Holding Company and its one subsidiary company has maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(l) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company, which is the company incorporated in India, is based on the corresponding report of the auditor of subsidiary company incorporated in India.

For P. Jain & Company
Chartered Accountants
Firm Regn. No.000711C

Place : New Delhi
Date : 30.05.2017

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

(Amount in ₹ Crore)

Particulars	NOTE NO.	As at 31st March, 2017	As at 31st March, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	60.00	60.00
(b) Reserves & Surplus	2	(3,073.23)	(2,344.90)
(c) Money received against share warrants	3	-	-
(2) Share application money pending allotment	4	-	-
TOTAL (1+2)		(3,013.23)	(2,284.90)
(3) Non-Current Liabilities			
(a) Long-term borrowings	5	146.28	-
(b) Other long term liabilities	6	1,048.58	1,137.69
(c) Long-term provisions	7	108.14	103.71
TOTAL (3)		1,303.00	1,241.40
(4) Current Liabilities			
(a) Short-term borrowings	8	2,696.06	2,624.70
(b) Trade Payables	9	173.36	646.97
(c) Other current liabilities	10	3,108.04	2,610.54
(d) Short-term provisions	11	23.55	19.16
TOTAL (4)		6,001.01	5,901.37
Total		4,290.78	4,857.87
II. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	12	935.34	949.85
(b) Intangible Assets	13	0.02	0.03
(c) Capital Work In Progress	14	0.97	0.48
(d) Intangible Assets under development	15	0.01	-
(e) Non-Current investments	16	0.04	0.04
(f) Deferred tax assets (net)	17	73.01	73.01
(g) Long-term loans and advances	18	19.11	22.83
(h) Other non-current assets	19	1,006.33	1,094.14
TOTAL (1)		2,034.83	2,140.38
(2) Current Assets			
(a) Current investments	20	-	-
(b) Inventories	21	39.70	0.42
(c) Trade receivables	22	2,112.60	2,641.09
(d) Cash and cash equivalents	23	10.85	12.97
(e) Short-term loans and advances	24	49.33	41.32
(f) Other current assets	25	43.47	21.69
TOTAL (2)		2,255.95	2,717.49
Total		4,290.78	4,857.87

Significant Accounting Policies

44

Other Notes

45-65

Notes referred to above form an integral part of Financial Statements.

As per our report of even date attached

For P. JAIN & COMPANY

Chartered Accountants
Firm Reg. No. 000711C

Sd/-

(PANKAJ JAIN)

Partner
M. No. 097279

Place: New Delhi
Dated: 30.05.2017

Sd/-

(RAJIV CHOPRA)

Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-

(B R DHAWAN)

Chief General Manager - Finance

Sd/-

(S.K. SHARMA)

Director (Personnel) with additional
charge of Director (Finance)
DIN - 06942536

Sd/-

(RITU ARORA)

Company Secretary
FCS - 5270

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in ₹ Crore)

Particulars	NOTE NO.	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Income -			
I. Revenue from operations	26	7,814.49	10,601.05
II. Other income	27	272.11	256.85
III. Total Revenue (I+II)		8,086.60	10,857.90
Expenses-			
a) Cost of materials consumed	28	0.04	0.09
b) Purchases of stock - in - Trade	29	7,815.55	10,560.40
c) Changes in inventories of finished goods, work -in-progress and stock-in-trade	30	(39.26)	4.92
d) Employee benefits expense	31	104.78	102.39
e) Finance costs	32	718.59	631.81
f) Depreciation and amortisation expense	33	16.18	16.25
g) Other expenses	34	34.60	36.73
IV. Total expenses (a+b+c+d+e+f+g)		8,650.48	11,352.59
V. Profit before exceptional and extraordinary items and tax (III-IV)		(563.88)	(494.69)
VI. Exceptional items - Debit/(Credit)	35	144.05	(23.53)
VII. Profit before extraordinary items and tax (V-VI)		(707.93)	(471.16)
VIII. Extraordinary items	36	-	-
IX. Prior Period Adjustment Net - (Debit)/Credit	37	(2.38)	13.71
X. Profit before tax (VII-VIII+IX)		(710.31)	(457.45)
XI. Tax expense:			
(1) Current tax (MAT)	38	16.60	5.15
(2) Tax relating to earlier years		1.40	(0.38)
(3) MAT Credit Entitlement		-	-
(4) Deferred tax	39	-	-
Total Tax Expense (XI)		18.00	4.77
XII. Profit (Loss) for the period from continuing operations (X-XI)		(728.31)	(462.22)
XIII. Profit (loss) from discontinuing operations	40	-	-
XIV. Tax expense of discontinuing operations	41	-	-
XV. Profit (loss) from discontinuing operations after tax (XIII-XIV)		-	-
XVI. Profit (Loss) for the period (XII +XV)		(728.31)	(462.22)
XVII. Earnings per equity share			
(1) Basic (in ₹)	42	(121.39)	(77.04)
(2) Diluted (in ₹)	43	(121.39)	(77.04)

Significant Accounting Policies

44

Other Notes

45-65

Notes referred to above form an integral part of Financial Statements.
As per our report of even date attached

For P. JAIN & COMPANY

Chartered Accountants
Firm Reg. No. 000711C

Sd/-

(PANKAJ JAIN)

Partner
M. No. 097279

Place: New Delhi
Dated: 30.05.2017

Sd/-

(RAJIV CHOPRA)

Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-

(B R DHAWAN)

Chief General Manager - Finance

Sd/-

(S.K. SHARMA)

Director (Personnel) with additional
charge of Director (Finance)
DIN - 06942536

Sd/-

(RITU ARORA)

Company Secretary
FCS - 5270

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in ₹ Crore)

Particulars	For the Year Ended 31st March, 2017		For the Year Ended 31st March, 2016	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax & Extraordinary Items			(709.00)	(471.08)
Adjustment for:		-		
-Interest on working capital loans	718.24	-	630.54	
-Depreciation	16.19	-	16.25	
-Net write back of Debts/Advances/claims	172.01	-	(11.82)	
-Income/Expenditure relating to let out property	(33.47)	-	(26.06)	
- Interest Income	(0.14)	-	(0.22)	
Loss on Revaluation of Fixed Asset	0.27	-	0.11	
-Loss on sale of asset	(73.26)	-	0.02	
-Amortization Grant under ASIDE Scheme	(0.94)	-	(0.17)	
-Liabilities written back	-	-	(12.15)	
-Profit on sale of assets	-	-	(0.04)	
-Net Write off Assets	-	-	0.01	
-Provision for Investment	-	798.90	0.20	596.67
Operating Profit Before Working Capital Changes	-	89.90		125.59
Adjustment for:				
-Amount paid towards CSR activities	-	(0.07)		(0.23)
-Trade and other receivables	-	405.74		(183.60)
-Inventories	-	(39.28)		5.09
-Trade and other payables	-	(381.80)		(104.56)
Changes In Working Capital	-	74.49		(157.71)
Income tax paid	-	(4.70)		(9.08)
Cash Flow Before Prior Period Items	-	69.79		(166.79)
Prior period adjustment	-	(2.14)		13.71
Net Cash Generated/Used In Operating Activities (A)	-	67.65		(153.08)
B CASH FLOW FROM INVESTING ACTIVITIES:				
-Purchase of Fixed Assets	-	(2.71)		(1.78)
-Sale of Fixed Assets	-	1.20		0.07
-Proceeds recd. On maturity of fixed deposits	-	0.87		4.51
-Interest received on Fixed Deposits	-	-		0.40
-Let out properties (net)	-	33.47		26.06
Net Cash From Investing Activities (B)	-	32.83		29.26
C CASH FLOW FROM FINANCING ACTIVITIES :				
-Dividend paid (including Dividend Tax)	-	-		-

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in ₹ Crore)

Particulars	For the Year Ended 31st March, 2017		For the Year Ended 31st March, 2016	
-Increase in Working Capital Loan(net)	-	56.78		281.78
-Interest Paid	-	(158.65)		(150.84)
Net Cash From Financing Activities (C)	-	(101.87)		130.94
Net Increase/Decrease In Cash And Cash Equivalents (A+B+C)	-	(1.39)		7.12
Reconciliation of Cash & Cash Equivalents				
Closing Cash & Bank Balances as per Balance Sheet	-	7.33		8.72
Opening Cash & Bank Balances as per Balance Sheet	-	8.72		1.60
Cash & Bank Balances as per Cash Flow Statement	-	(1.39)		7.12
Cash & cash equivalents as per Balance Sheet	-	10.85		12.97
Less : Non readily convertible Bank Deposits	-	3.52		4.25
Cash & cash equivalents as per cash flow statement	-	7.33		8.72
Cash & cash equivalents includes unpaid dividend	-	0.11		0.20

Significant Accounting Policies

44

Other Notes

45-65

Notes referred to above form an integral part of Financial Statements
As per our report of even date attached

For P. JAIN & COMPANY

Chartered Accountants
Firm Reg. No. 000711C

Sd/-

(RAJIV CHOPRA)

Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-

(S.K. SHARMA)

Director (Personnel) with
additional charge of
Director (Finance)
DIN - 06942536

Sd/-

(PANKAJ JAIN)

Partner
M.NO. 097279

Sd/-

(B R DHAWAN)

Chief General Manager-Finance

Sd/-

(RITU ARORA)

Company Secretary
FCS - 5270

Place : New Delhi
Dated : 30.05.2017

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Crore)

**NOTE NO. 1
SHARE CAPITAL**

Particulars	As at 31st March 2017	As at 31st March 2016
I) Authorized Share Capital		
200,000,000 Equity Shares having face value of ₹10/- each	200.00	200.00
II) Issued, Subscribed & Fully Paid up		
60,000,000 Equity shares having face value of ₹10/- each	60.00	60.00

III) Details of Bonus Issue during the preceding five years :

-----NIL-----

IV) Equity shares issued and subscribed do not enjoy any differential rights

V) Reconciliation of no. of shares :

Class of share capital	Opening as at 01.04.2015	issued during the year	Shares bought back during the year	Closing as at 31.03.2017
Equity share of ₹10/- each	6,00,00,000	-	-	6,00,00,000
Previous Year	6,00,00,000	-	-	6,00,00,000

VI) Details of Share holders holding more than 5% shares

S.No.	Name	31.03.2017	31.03.2016	31.03.2017	31.03.2016
		No. of shares held		% of shares held	
1	Govt. of India	5,40,00,000	5,40,00,000	90.00	90.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

NOTE NO. 2 RESERVES & SURPLUS

Particulars	Balance as at 01.04.2016	Additions	Deductions/ Appropriation	Balance as at 31.3.2017
Capital Reserve	3.70	-	-	3.70
Exchange Fluctuation Reserve	6.50	-	-	6.50
Export/Import Contingency Reserve	4.35	-	-	4.35
Revaluation Reserve (Refer Note no. 12.3)	885.98	0.13	12.57	873.54
General Reserve	65.52	12.57	-	78.09
Surplus	(3,314.04)	(728.31)	-	(4,042.35)
Grant in Aid	3.08	-	0.14	2.94
Total	(2,344.90)	(715.61)	12.71	(3,073.23)
Previous Year	(1,882.67)	(449.16)	13.07	(2,344.90)
2.1 Details of Addition to Surplus			2016-17	2015-16
Current Year Profit After Tax			(728.31)	(462.16)
Transfer to Retained Earnings on account of depreciation as per Co's Act 2013			-	0.01
Transfer from Bonus Reserve*			-	-
			(728.31)	(462.15)
			2016-17	2015-16
2.2 Details of Deduction/Appropriation from Surplus				
Proposed Dividend			-	-
Tax on Dividend			-	-
Transfer to General Reserve			-	-
Transfer to Export/Import Contingency Reserve			-	-
Transfer to Bonus Reserve*			-	-
			-	-
2.3 Details of Negligible Value				
Particulars	Balance as at 01.04.2016	Additions	Deductions/ Appropriation	Balance as at 31.3.2017
*Transfer to Bonus Reserve (₹)	30,370.00	12,349.00	11,955.00	30,764.00
2.4 Bonus reserve represents "Set On" available under the Payment of Bonus Act, 1965.				
2.5 Deductions from Bonus Reserve represents amount transferred to Statement of Profit & Loss being "Set Off" as per the Payment of Bonus Act, 1965.				
			2016-17	2015-16
2.6 (a) Details of Addition to General Reserve				
Transfer from Revaluation Reserve on account of additional depreciation due to revaluation			12.57	12.89
			12.57	12.89
(b) Increase in value of assets of subsidiary company as per valuation report & chartered engineers vide their report dated 15.04.2017 are shown as revaluation reserve.				

2.7 The capital reserve of subsidiary company includes ₹1.20 crore received as 'Equity' from M/s. Visvesvaraiya Industrial Trade Centre (Govt. of Karnataka Centre for Export Promotion) (VITC) under ASIDE scheme during the year 2006-07 towards Chilli Processing Plant, Byadgi which has been accounted as Promoters' contribution.

2.8 The Grant in aid of subsidiary company includes ₹6.29 crore received as Grant from Government of India under ASIDE scheme establishment of steam sterilization unit and Grinding & Packing unit at Spice Park, Chhindwara. The subsidiary company has availed a concessional custom duty of 3% under EPCG scheme thereby saving of ₹1.22 crore while importing the steam sterilization machineries under export obligation to eight times of the value of duty saved with in eight years and if the company failed to meet the export obligation it is liable to pay custom duty along with interest at the rate of 15% p.a. In this regard the company has furnished a EPCG bond of ₹3.77 crore to custom authorities. The concessional customs duty availed under EPCG scheme of ₹1.22 crore and interest payable thereon ₹1.49 crore total of ₹2.70 crore shown under other liabilities.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

NOTE NO. 3 MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As at 31st March 2017	As at 31st March 2016
Money received against share warrants	-	-

NOTE NO. 4 SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	As at 31st March 2017	As at 31st March 2016
Share application money pending allotment	-	-

NON-CURRENT LIABILITIES NOTE NO. 5 LONG TERM BORROWINGS

Term Loans		
- From banks - Secured	146.28	-
TOTAL	146.28	-

5.1 Term Loan from Bank is secured against current assets of the company on pari-passu basis.

5.2 Maturity and interest profile of loans

Rate of Interest	Non Current	Current
9.75%	2018-19	2017-18
	146.28	10.00

NOTE NO. 6 OTHER LONG TERM LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016
Trade payables		
a. Bill acceptances	12.28	12.64
b. Sundry creditors		
- Micro, small & medium enterprises	-	-
- Others	978.20	1,000.52
Total Trade Payables (a+b)	990.48	1,013.16
Others		
a. Customers at credit	19.89	15.95
b. Advance from customers	1.81	1.81
c. Other liabilities		
- Outstanding liabilities for goods & services received	8.85	75.71
- Stale Cheques	0.04	0.04
- Deposits	9.10	8.83
- Security deposits	3.93	3.33
- Earnest money deposits	3.85	4.82
Total Others (a+b+c)	47.47	110.49
d. Employees' dues:-		
Pay & Allowances	-	0.06

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Other expenses	0.01	-
Encashment of earned leaves (Refer Note no. 53)	10.62	13.98
Total Employees' cost payable	10.63	14.04
e. Remittances:-		
STC's Employees Union	-	-
Thrift Society	-	-
Total Remittances	-	-
Total (Others)	58.10	124.53
TOTAL OF NOTE NO. 6	1,048.58	1,137.69

6.1 Details in respect of dues to micro, small & medium enterprises based on information available with the Company.

Particulars	As at 31st March 2017	As at 31st March 2016
a. Principal Amount due & remaining unpaid	-	-
b. Interest due on above and the unpaid interest	-	-
c. Interest paid by the buyer beyond appointed day during the accounting year	-	-
d. Amount of interest accrued & remain unpaid at the end of the accounting year	-	-
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	-	-

6.2 Current liabilities include amount payable to UP Government of ₹6.03 crore (net of claim recoverable ₹2.62 crore) adjustable against various claims of interest and carrying charges amounting to ₹33.82 crore made by STC upon UP Government.

NOTE NO. 7 LONG TERM PROVISIONS

Particulars	As at 31st March 2017	As at 31st March 2016
Provision for employees' benefits (Refer Note no. 53)		
Encashment of Half pay leave	11.21	11.80
Post retirement medical benefits	95.59	90.51
Long service award	1.34	1.40
Total	108.14	103.71

CURRENT LIABILITIES

NOTE NO. 8 SHORT TERM BORROWINGS:-

Particulars	As at 31st March 2017	As at 31st March 2016
I. Working Capital Loans		
- From banks		
- Cash Credit & Packing Credit	1,357.64	1,482.08
- Working Capital Demand Loan	1,338.42	1,138.41
- Working Capital Term Loan	-	-
- Buyers Credit	-	4.21

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March 2017	As at 31st March 2016
II. Other loans & advances - Unsecured	-	-
TOTAL	2,696.06	2,624.70
8.1 Break Up of Working Capital Loan		
- Secured	1,512.62	1,441.27
- Unsecured	1,183.43	1,183.43
TOTAL	2,696.05	2,624.70

8.2 Working Capital Loans from banks are secured by pari-passu charge over current assets of the company.

8.3 Partly secured by immovable properties of subsidiary company amounting to about ₹1.83 crore.

8.4 The total liabilities to banks along with interest amounting to ₹3908.85 crore is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. No confirming was received from the banks. The subsidiary company has calculated interest based on the interest rates disclosed in their DRT application filed by UCO bank and consortium of banks. Cash credit/short term loan is as per the claims in the DRT (Debt Recovery Tribunal) application filed by consortium by seven banks and UCO bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO bank. The subsidiary company has created pari-passu charges on the current assets in favour of the banks and also surrendered the documents of immovable properties situated at Chindwara (3.239 hectares), Byadgi (5 acres), Siddapura (2.20 acres) and Madikeri (0.50 acre) in favour of the bankers. In view of the immovable properties of subsidiary company given as security, an estimated amount of ₹1.83 crore out of the total advances can be considered as secured. The consortium of banks and UCO bank have filed cases separately against the company with the Debt Recovery Tribunal, wherein with regards to UCO bank recovery case, DRT has passed an order dtd. 29.09.2015 for recovery of ₹148.18 crore. However the subsidiary company has challenged DRT order at DRAT, Chennai. The bankers have also issued notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. Further, based on the above, bankers have issued two possession notices one dt 26.10.2011 on the Factory land & Building located at Byadagi and another dt. 17.11.2011 on factory land & building located at Chhindwara, Madhya Pradesh.

NOTE NO. 9 TRADE PAYABLES

Particulars	As at 31st March 2017	As at 31st March 2016
(i) Total outstanding dues of micro enterprises and small enterprises	-	0.01
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
a. Bill acceptances	-	2.64
b. Sundry creditors	173.36	644.32
Total Trade Payable	173.36	646.97
9.1 Details in respect of dues to micro, small & medium enterprises based on information available with the Company.		
a. Principal Amount due & remaining unpaid	-	0.06
b. Interest due on above and the unpaid interest	-	-
c. Interest paid by the buyer beyond appointed day during the accounting year	-	-
d. Amount of interest accrued & remain unpaid at the end of the accounting year	-	-
e. Amount of further interest due & payable even in succeeding year, until such date when the interest due as above are actually paid to small enterprises	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

NOTE NO. 10 OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016
a. Customers at credit	28.85	33.37
b. Advance from customers	43.08	43.42
c. Unclaimed dividend	0.11	0.17
d. Investor Education & Protection Fund	-	0.03
e. Interest Free advance from PSFMC	42.81	-
f. Current Maturities of Long Term Borrowings	10.00	176.28
g. Other liabilities	-	-
- Outstanding liabilities for goods & services received	111.70	67.13
- Stale Cheques	-	-
- Deposits	1.81	2.07
- Security deposits	14.91	4.74
- Earnest money deposits	63.31	64.90
- Premium payable on Forward cover	-	0.16
- Liability for CSR	0.15	0.22
- Book Overdraft	0.04	-
- Others	0.90	0.84
Total (a+b+c+d+e+f)	317.67	393.33
g. Employees' cost:-		
Pay & Allowances	0.10	0.13
Other expenses	0.18	0.12
Dues to employees on accrual basis	0.27	0.94
Encashment of earned leaves (Refer note no. 53)	2.43	1.60
Undisbursed salary	0.01	0.01
Total (g)	2.99	2.80
h. Remittances:-		
Professional Tax	0.01	0.01
Sale Tax/Value Added Tax (VAT)	8.11	0.52
Service Tax	-	0.19
Income tax deducted at source	1.71	1.17
STC's Employees Union	-	-
STC's Officers' Association	-	-
SC/ST Employees Welfare Association	-	-
Contribution to Provident Fund	0.88	1.61
Contribution to Employees Pension Scheme-95	0.05	0.06

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Contribution to Employees Pension Fund	0.30	0.34
Salary saving scheme	0.02	0.01
Thrift Society	0.05	0.06
Others	1.00	0.19
Total (h)	12.13	4.16
i. Interest accrued but not due on borrowings	1.29	1.62
j. Interest accrued & due on borrowings	2,773.96	2,208.63
Total (j)	2,775.25	2,210.25
TOTAL OF NOTE NO. 10	3,108.04	2,610.54

10.1 Interest accrued and due on borrowings including ₹49.39 Crore (₹43.80 crore), against which bank guarantee of ₹56.01 crore (₹56.00 crore) has been issued to EXIM Bank.

10.2 The liability for CSR outstanding as on 31.03.2017 for the earlier years budgeted amount is Nil (₹0.22 crore). The unspent fund is ₹0.15 crore (₹0.05 crore), out of which ₹0.05 crore is outstanding for more than 3 years. However, the unspent fund of ₹0.15 crore has been approved by CSR Committee of the Board, which is committed towards Swachh Bharat Kosh, emergency needs and capacity building.

10.3 Gross amount required to be spent by the company during the year ₹ NIL (NIL)

S. No.	Nature of Expenditure	Cash Paid	Yet to be paid	Total
1	Construction / Acquisition of Asset	0.003 (0.20)	0.00 (0.01)	0.003 (0.21)
2	On purpose other than (1) above	0.07 (0.03)	0.00 (0.07)	0.07 (0.10)

10.4 An amount of ₹0.50 crore (less ₹0.005 crore service charges of VITC - Net ₹0.495 crore) received by subsidiary company in the year 2009-10 as funding under ASIDE scheme from Visvesvaraya Industrial Trade Centre, Bangalore and the same has been accounted as Grants towards Pepper processing unit at Siddapura. However due to financial constraints the project was put on hold and the WIP of ₹0.26 crore was written off towards Impairment as on 31.03.2012. As per the terms of the grant, if the project is not completed, the grant has to be refunded along with interest @10%. Accordingly, the grant received along with interest of ₹0.89 crore has been shown as payable under current liabilities as ASIDE Grant Repayable-Siddapura.

10.5 Subsidiary company has calculated interest payable of ₹2723.59 crore on the principal amount due to banks is arrived on the basis of the interest rates disclosed in the Debt Recovery Tribunal application filed by banks. Interest provision of ₹559.59 crore have been made by the subsidiary company for the current financial year. However no confirmation is received from banks for interest payable.

NOTE NO. 11 SHORT TERM PROVISIONS

Particulars	As at 31st March 2017	As at 31st March 2016
(a) Provision for employees' benefits (refer Note no. 53)		
Encashment of Half pay leave	3.88	3.05
Post retirement medical benefits	6.83	6.44
Long service award	0.19	0.15

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March 2017	As at 31st March 2016
Gratuity	-	0.19
Performance Related Pay	0.01	0.01
Others	1.17	1.28
Total (a)	12.08	11.12
(b) Other Provisions		
Contingencies	8.77	5.67
Exchange difference on Forward contract	-	0.08
Others	2.70	2.29
Total (b)	11.47	8.04
Total (a+b)	23.55	19.16

- 11.1 Short term provisions for contingencies include ₹8.66 crore (₹5.55 crore) on account of provision created for LCs accepted by the company based on back to back acceptance by the business associate. The company has initiated the legal proceedings against the business associate for recovery u/s 138 of NI Act.
- 11.2 Subsidiary company has taken group gratuity scheme from LIC of India to cover the payment of gratuity to employees. LIC of India has intimates the premium payable by the subsidiary company on the basis of actuarial valuation. Accordingly, company is making payment of premium to LIC every year and the same been debited to profit & loss account. Hence, except, premium payment, there is no liability to the subsidiary company towards gratuity settlement. When the employees retire/resigns from the service, the subsidiary company will intimate the same to LIC of India. LIC of India will make settlement of gratuity payable to employees through STCL Employees Gratuity Trust. Further subsidiary company also obtains actuarial valuation report on gratuity from registered actuarial valuer.
- 11.3 STCL Employees Gratuity Trust have made an FD of ₹0.57 crore towards gratuity payable to ex-employees. The interest received on FDs has not been shown under STCL's books since interest belongs to STCL Employees Gratuity Trust and TDS deducted on interest was wrongly shown under subsidiary company PAN account. The subsidiary company has not claimed TDS on interest accruing to subsidiary company gratuity trust.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NON CURRENT ASSETS NOTE NO. 12 PROPERTY, PLANT & EQUIPMENT

A. OWNED ASSETS

(Amount in ₹ Crore)

S. No.	Description	GROSS			DEPRECIATION		NET				
		As on 01.04.2016	Additions	Deductions/ Adjustments	As on 31.03.2017	Upto 31.03.2016	Deductions/ Adjustments	For the year 2016-17	Upto 31.03.2017	31.03.2016	31.03.2017
		(1)	(2)	(3)	(4) = (1)+(2)-(3)	(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
1	Land	27.87	-	-	27.87	-	-	-	-	27.87	27.87
2	Buildings	125.63	-	(0.14)	125.77	12.18	-	5.65	17.83	107.94	113.45
3	Plant & Machinery	27.60	0.01	0.27	27.34	17.76	0.05	0.80	18.51	8.83	9.84
4	Furniture & fittings	4.39	0.10	0.24	4.25	3.34	0.23	0.17	3.28	0.97	1.05
5	Motor Vehicles	1.59	0.29	0.21	1.67	0.86	0.20	0.10	0.76	0.91	0.73
6	Office equipment	2.29	0.12	0.68	1.73	1.87	0.64	0.12	1.35	0.38	0.42
7	Computers, data processing units & communication equipment	3.15	0.32	0.14	3.33	2.65	0.13	0.25	2.77	0.56	0.50
8	Electrical Installations & Equipment	5.65	1.31	1.34	5.62	3.55	0.89	0.28	2.94	2.69	2.10
9	Assets not in Active use and held for disposal	-	-	(0.69)	0.69	-	(0.60)	-	0.60	0.09	-
	Total	198.17	2.15	2.05	198.27	42.21	1.54	7.37	48.04	150.24	155.96

B. LEASEHOLD ASSETS

S. No.	Description	GROSS			DEPRECIATION		NET				
		As on 01.04.2016	Additions	Deductions/ Adjustments	As on 31.03.2017	Upto 31.03.2016	Deductions/ Adjustments	For the year 2016-17	Upto 31.03.2017	31.03.2016	31.03.2017
		(1)	(2)	(3)	(4) = (1)+(2)-(3)	(5)	(6)	(7)	(8) = (5)+/(6)+(7)	(9) = (4)-(8)	(10) = (1)-(5)
1	Land	594.79	-	-	594.79	2.00	-	0.84	2.84	591.96	592.79
2	Buildings	234.70	0.01	0.15	234.56	37.79	0.14	7.61	45.26	189.30	196.91
3	Roads, culverts & sewerage etc	0.20	-	-	0.20	0.03	-	0.02	0.05	0.15	0.17
4	Plant & Machinery	5.30	-	-	5.30	1.28	-	0.33	1.61	3.69	4.02
	Total	834.99	0.01	0.15	834.85	41.10	0.14	8.80	49.76	785.10	793.89
	Grand Total	1,033.16	2.16	2.20	1,033.12	83.31	1.68	16.17	97.80	935.34	949.85
	Previous Year	1,032.56	1.67	1.07	1,033.16	68.12	1.06	16.25	83.31	949.85	

12.1 The process of issuance of sub divided lease deeds in respect of STC's Office Complex at New Delhi, residential land and flats at Mehrauli Road, Delhi separately in the name of company and its co owners is pending. Original cost of land is ₹1.04 crore (₹1.04 crore) and of Building for housing colony and office complex is ₹18.66 crore (₹18.66 crore). Gross Block after revaluation of such land is ₹548.33 crore (₹548.33 crore) and of such Building is ₹185.92 crore (₹185.92 crore). Execution of lease deed in respect of flats at AGYC complex is pending. The original cost of such flats is ₹1.25 crore (₹1.25 crore) and the Gross Block after revaluation is ₹28.42 crore (₹28.42 crore).

12.2 Formal lease deed in respect of Lease hold plot where company has tank farm installation at Mumbai Port Trust is yet to be executed though lease has been extended by way of allotment letter. Registration of deed of conveyance in respect of 7 flats at Mumbai is pending. Total original cost of such flats is ₹0.41 crore (₹0.41 crore) and revalued amount is ₹33.19 crore (₹33.19 crore).

12.3 The company has revalued its immovable properties during the year 2014-15 consequently an amount of ₹914.25 crore was credited to revaluation reserve. As a result of revaluation additional depreciation amounting ₹12.57 crore (₹12.89 crore) is transferred from revaluation reserve to general reserve during the year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

12.4 Cost of flats include cost of land also where flats are purchased or constructed on land. Depreciation has been charged on total value of flats in absence of breakup of value between land and building.

12.5 Assets held for disposal represents the value of electrical installations damaged by floods in Dec'15 at Chennai branch which are stated at salvage value ₹0.09 crore. The Chennai branch does not have break up value for the damaged assets. The WDV of the assets damaged has been considered ₹0.43 crore as assessed by insurance surveyor. After retaining the salvage value of ₹0.09 crore notional loss was ₹0.34 crore against which the final insurance claim of ₹0.29 crore was received. Accordingly ₹0.05 crore was recognized as loss due to flood.

12.6 The value after revaluation of various assets is based on Independent Registered Valuer and Chartered Engineers vide their report dttd. 15.04.2017 in case of subsidiary company. The Valuation is based on the Market Value of the properties which was considered the location, location approach road, local development aspects, Marketability, Age of the building, depreciation, type of construction, present condition of maintenance and useful life for Land and Buildings and type of machines, their marketability, age of the machines, depreciation, present working condition status, wear and tear, periodical maintenance done, further useful life of machine's for Plant and Machineries and other assets. An amount of ₹0.26 crore credited to revaluation reserve towards increase in revaluation of assets & an amount of ₹0.13 crore towards debited to revaluation reserve to the extent related to an increase which was previously credited to revaluation reserve. An amount of ₹0.03 crores credited to profit & loss account to the extent increase is related to and not greater than a decrease arising on revaluation of assets in the previous year and an amount of ₹0.22 crore is charged to profit and loss account due to decrease in the revaluation of assets. Depreciation on such revalued assets has been based on the revalued amount.

12.7 The adjustment column denotes that the adjustment in the value of asset as per the valuation report of the Registered Valuer and Chartered Engineer vide valuation report dated 15.04.2017.

(Amount in ₹ Crore)

NOTE NO. 13 - INTANGIBLE ASSETS

S. No.	Description	GROSS			DEPRECIATION			NET		
		As on 01.04.2016	Additions	Deductions/ Adjustments	As on 31.03.2017	Upto 31.03.2016	Deductions/ Adjustments	For the year 2016-17	Upto 31.03.2017	31.03.2017
	(1)	(2)	(3)	(4) = (1) + (2) - (3)	(5)	(6)	(7)	(8) = (5) + (-) (6) + (7)	(9) = (4) - (8)	(10) = (1) - (5)
1	Computer software	0.37	0.01	0.01	0.37	-	0.01	0.35	0.02	0.03
	Total	0.37	0.01	0.01	0.37	-	0.01	0.35	0.02	0.03
	Previous Year	0.37	0.03	0.03	0.37	0.03	-	0.34	0.03	0.03

13.1 Intangible assets are amortized @ of 40% p.a. on Straight line basis. The useful life of the assets is considered to be two and half years.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE NO. 14

CAPITAL WORK IN PROGRESS

(Amount in ₹ Crore)

GROSS					
S. No.	Description	As on 01.04.2016	Additions	Deductions	As on 31.03.2017
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	Office Building	0.33	-	0.27	0.06
2	Plant & Equipment	-	-	-	-
3	Office Equipment	0.15	0.76	-	0.91
	Total	0.48	0.76	0.27	0.97
	Previous Year	0.39	0.09	-	0.48

NOTE NO. 15

INTANGIBLE ASSETS UNDER DEVELOPMENT

GROSS					
S. No.	Description	As on 01.04.2016	Additions	Deductions	As on 31.03.2017
		(1)	(2)	(3)	(4)= (1)+(2)-(3)
1	Intangible Assets under Development	-	0.01	-	0.01
	Total	-	0.01	-	0.01
	Previous Year	-	-	-	-

NOTE NO. 16

NON CURRENT INVESTMENTS

Trade Investment (Unquoted)

Equity instruments - Fully paid up ***

S. No.	Name of Company	No. Of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2017	Net Value as on 31.03.2016
Joint Ventures							
1	NSS Satpura Agro Development Co.Ltd.*	2,00,000	10	0.20	0.17	0.03	0.03
2	Sea Lac Agro Ventures Limited	1,00,000	10	0.10	0.10	-	-
	TOTAL			0.30	0.27	0.03	0.03

Other Investment (Unquoted)

Equity instruments - Fully paid up ***

S. No.	Name of Company	No. Of Shares	Face Value	Total Value	Provision for Diminution	Net Value as on 31.03.2017	Net Value as on 31.03.2016
1	Maharashtra Small scale Industries development	10,000	100	0.10	0.10	-	-
2	Andhra Pradesh state trading Corporation	100	1,000	0.01	-	0.01	0.01
3	Sindhu Resettlement**	4	1,000	-	-	-	-
4	Govt. Securities- NSS Certificates-VIII issue	-	-	-	-	-	-
	TOTAL			0.11	0.10	0.01	0.01
	Grand Total (Unquoted)			0.41	0.37	0.04	0.04
	Previous Year			0.41	0.37	0.04	

* Investment book value is ₹1 (₹1)

** Investment book value is ₹4000 (₹4000)

*** valued at cost other than temporary diminution in value, if any.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

16.1 As per the directions of the Administrative Ministry, during 2008-09, a Joint Venture Company has been formed by NAFED , STC & STCL Ltd. i.e., 'NSS SATPURA AGRO DEVELOPMENT CO. LTD. Interest in Joint Ventures are as follows:

- | | | |
|----|---|--|
| a. | % of company ownership interest | 50% |
| b. | Capital Invested | ₹0.20 crore (2,00,000 equity shares of ₹10 each - fully paid up) |
| c. | Since the Joint venture company is incurring losses and its cumulative losses is ₹0.30 crore up to 31.03.2013 against the total Share capital of ₹0.40 crore, the company provided ₹0.17 crore towards permanent diminution in its investment value (cost ₹0.20 crore). Since the audited financial statements of NSS satpura is not available for the year ended 31.03.2014, further permanent diminution if any has not been recognised in the books. | |

II. ASSETS

(1) NON CURRENT ASSETS

NOTE NO. 17

DEFERRED TAX ASSETS (NET)

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Deferred tax Assets		
Disallowance under Income Tax Act 1961	76.88	76.88
Deferred Tax Liability		
Related to Fixed Assets	3.87	3.87
Total	73.01	73.01

17.1 In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income" ,the company has Deferred Tax Assets (Net) of ₹73.01 crore (₹73.01 crore). As a matter of prudence & conservative principle of accounting, Deferred Tax Asset (Net) relating to losses and other temporary differences amounting to ₹247.49 crore (₹183.41 crore) has not been recognized.

17.2 As a matter of prudence, No Deferred Tax Assets has been recognized for subsidiary company as losses incurred & winding up petition has also been filed dated 26.11.2013 before Hon'ble High court of Karnataka.

NOTE NO. 18

LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2017	As at 31st March, 2016
1 Capital Advances		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	0.27	-
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	0.27	-
2 Security Deposits		
- Secured, Considered Good	0.50	0.28
- Unsecured, Considered Good	7.68	10.10
- Doubtful	4.97	4.61
Less : Allowance for Bad & Doubtful	4.97	4.61
Net	8.18	10.38
3 Loans and Advances to related parties		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	-	-
4 Advances to employees		
- Secured, Considered Good	3.63	3.62

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 31st March, 2016
- Unsecured, Considered Good	0.41	0.69
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	4.04	4.31
5 Interest accrued on advances to employees		
- Secured, Considered Good	5.86	6.40
- Unsecured, Considered Good	0.32	0.34
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	6.18	6.74
6 Trade advances		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Doubtful	130.01	130.01
Less : Allowance for Bad & Doubtful	130.01	130.01
Net	-	-
7 Advance tax (net of provision)		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	0.29	1.11
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	0.29	1.11
8 Other Misc. advances		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	0.15	0.29
- Doubtful	0.36	0.66
Less : Allowance for Bad & Doubtful	0.36	0.66
Net	0.15	0.29
Total	19.11	22.83
PARTICULARS OF LONG TERM LOANS AND ADVANCES		
- Secured, Considered Good	10.00	10.30
- Unsecured, Considered Good	9.11	12.53 -
Doubtful	135.33	135.28
Total	154.44	158.11
Less : Allowance for Bad & Doubtful	135.33	135.28
Net	19.11	22.83

18.1 Trade advances include a sum of ₹87.39 crore (₹87.39 crore) recoverable from one of the parties, against which the company has initiated legal actions including criminal proceedings. In this regard, full provision has been made in earlier years. The Company was successful in getting arbitration award for ₹110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award. However, the party has raised objections to the award before Hon'ble High Court at New Delhi and hearing of the same is in progress.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

18.2 Details of dues from Directors/Officers :-

- Directors :	NIL	NIL
- Officers :	₹3.72 crore	₹6.76 crore

18.3 The Loans and Advances of subsidiary company includes the advance made to associate shippers for procurement of Iron Ore Fines and export thereof, for which full provision has been made in earlier years -

- i. ₹12.64 crores [excluding interest] due from Business Associate M/s. Future Resources India Pvt. Ltd., a stock of around 29400 MTS of Iron ore fines [subject to handling and storing loss an account of long storage period] approximately valuing ₹3.38 crores as per the present market value is under the custody of C&F agent SVK Shipping at Vizag and there is claim of custodian chages amounting o ₹1.67 crores. Further, M/s Future Resources India Pvt. Ltd. has moved in the High Court of Kamataka for appointment of Arbitrator, which is awaited.
- ii. ₹6.86crores [excluding interest] due from M/s. S. S. Exports, the matter was referred to arbitration. The arbitration award was declared in subsidiary company's favour for recovery of claim along with legal cost. Further, S. S. Exports has challenged the arbitration award and filed the petition before the court and the matter is pending.
- iii. ₹12.68crores [excluding interest] due from M/s. Devi Mineral Resources [I] Pvt. Ltd., a stock of 6,005 MTs of Iron ore fines at Vizag and 503 MTS of Iron ore fines at Kakinada approximately valuing ₹0.75 crores as per the present market value. The stocks are in the custody of M/s. Prathyusha Associates Shipping Private Ltd., [C&F Agents] and there is claim of custodian charges amounting to ₹0.58 crore. The subsidiary company is in the process of liquidating the stocks through tender process by the subsidiary company. The subsidiary company has also filed case u/s 138 of NI Act, the legal proceedings are in progress.

The Company has issued charge sheet to 7 officials in respect of (i), (ii) & (iii) above and also in respect of quality claims of USD 2.88 Million (₹18.67 crores) by overseas buyer M/s. Devi Trading Co. Ltd., Hong Kong against subsidiary company. which is shown under contingent liability. The CVC has appointed the inquiry officer and the inquiry is in progress.

18.4 ₹4.21 crores due from Sri Kumar Trading (Group). The subsidiary company has filed a private complaint for diverting and misappropriation of 371 MTS of Pulses. Since the 'B' report has been filed by the Police after investigation, the subsidiary company has challenged the 'B' report filed by police requesting re-investigation. The subsidiary company has also filed case under section 138 of NI Act, the legal proceedings are in progress. The subsidiary company has made full provision for the amount due of ₹4.21 crores in the earlier years.

18.5 During the year, the Income Tax department has adjusted ₹0.84 crore against income tax dues for the year 2009-10 (₹0.70 crore) and earlier years for subsidiary company. As a result, net refund due from Income Tax Department as on 31.03.2017 is ₹0.29 crore. The subsidiary company as asked the details from the Income Tax Department to prepare reconciliation of the above refund due.

NOTE NO. 19

OTHER NON CURRENT ASSETS

Particulars	As at 31st March, 2017	As at 31st March, 2016
1 Long term trade receivable		
- Secured, Considered Good	20.39	97.75
- Unsecured, Considered Good	960.24	969.21
- Doubtful	655.39	464.64
Less : Allowance for Bad & Doubtful	655.39	464.64
Net	980.63	1,066.96
2 Claims recoverable		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	15.55	17.74
- Doubtful	91.57	117.45
Less : Allowance for Bad & Doubtful	91.57	117.45
Net	15.55	17.74
3 Bank Deposits :		
Term Deposit with banks :		
- Deposit pledged / Under Lien as margin Money	9.45	8.81
Interest accrued on Term Deposits :		
- Deposit pledged / Under Lien as margin Money	0.34	0.33
Net	9.79	9.14

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 31st March, 2016
4 Others		
- Secured, Considered Good	0.09	-
- Unsecured, Considered Good	0.27	0.30
- Doubtful	0.30	0.30
Less : Allowance for Bad & Doubtful	0.30	0.30
Net	0.36	0.30
Total	1,006.33	1,094.14
PARTICULARS OF OTHER NON CURRENT ASSETS		
- Secured, Considered Good	30.27	106.89
- Unsecured, Considered Good	976.06	987.25
- Doubtful	747.26	582.39
Total	1,753.59	1,676.53
Less : Allowance for Bad & Doubtful	747.26	582.39
Net	1,006.33	1,094.14

19.1 Long term unsecured trade receivables include ₹568.44 crore (₹568.44 crore) on account of export of pharma products to foreign buyers through Indian business associates. The Indian business associate drew bills of exchange on the Company which were accepted by the company on back to back basis upon receipt of overseas buyers pre-acceptance to the company's bills of exchange. However, the foreign buyers defaulted in making payment against the export bills and have gone into liquidation. A claim of ₹527.86 crore has been admitted by the liquidator of one of the foreign buyer i.e. Loben Trading Co. Pte Ltd. A Decree of ₹62.47 crore has been passed by Hon'ble Mumbai High Court in favour of company against the dues from one of the foreign buyer i.e. Sweetland Trading Pte Ltd. As of current date, the Indian business associate had gone into liquidation and official liquidator is appointed by Hon'ble High Court Mumbai. Considering the legal enforceability of back to back agreement and corresponding credit of ₹568.44 crore (₹568.44 crore), in the opinion of Management, no further provision is required for outstanding receivables of similar amount. The Indian business associate also discounted the bills of exchange conditionally accepted by the STC from their bankers by utilizing their own credit limits. Legal proceedings have been initiated by the bankers of associate against the associate and the company. Banks & Financial Institutions have filed legal suit against Indian business associate before DRT making STC also a party to the case claiming ₹476.47 crore. STC contended that under the back to back agreement, amount due to the banks are payable only after receipt of export realization from the foreign buyers. However as a matter of prudence, amount of ₹476.47 crore (₹476.47 crore) as claimed has been shown as contingent liability.

19.2 Long term unsecured trade receivables include ₹787.65 crore (₹787.65 crore) under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. to foreign buyers through various Indian business associates. Against said trade receivables, corresponding balances of ₹342.19 crore (₹342.19 crore) is payable to business associates under agreed arrangement leaving net receivable of ₹445.46 crore (₹445.46 crore) and is disclosed under long term doubtful trade receivable. Since the foreign buyers defaulted in making payment and as per the terms & conditions of agreement, the post dated cheques given by the business associates were encashed which were subsequently dishonoured by payee banks. Accordingly action against the business associates has been initiated u/s 138 of Negotiable Instruments Act, 1881 and proceedings are in progress. Summary suits & winding up petitions have been filed by the STC against the business associates for recovery of amount due before Hon'ble High Court Mumbai. As on date, winding up orders have been passed against most of the business associates. The matter is also under investigation by CBI. The legal proceedings are being pursued by the STC. However, as a matter of prudence and measure of abundant caution, full provision of ₹445.46 crore (₹445.46 crore) has been made in the earlier years to the extent of doubtful net trade receivables. Considering the legal enforceability of back to back agreement and corresponding credit of ₹342.19 crore (₹342.19 crore), in the opinion of Management, no further provision is required for outstanding receivables of similar amount.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- 19.3 Long term unsecured trade receivables include ₹41.92 crore (₹41.92 crore) on account of export of agri commodities to foreign buyers through Indian business associates against which credit balance of ₹41.92 crore (₹41.92 crore) is available under trade payable. The foreign buyer defaulted in making payment and upon non-receipt of the dues from business associate, the Company has initiated necessary legal steps against business associate for recovery. The matter is also under investigation by CBI. Considering the legal enforceability of the agreement and corresponding credit of ₹41.92 crore (₹41.92 crore), no provision is considered necessary.
- 19.4 Long term secured trade receivables include ₹9.83 crore (₹10.19 crore) (net of provision for diminution in value of stock) recoverable from one of the business associates for goods sold in earlier years. The overdue is secured by pledge of stocks in favour of STC. Upon non-payment of overdue receivables, legal actions have been initiated against the business associate u/s 138 of Negotiable Instruments Act, 1881 and civil hearings are in progress. Another PSU company MSTC had made a claim in respect of ownership of some of the pledged stock sold by the STC.
- 19.5 Long term trade receivable includes ₹3.22 crore (₹3.22 crore) recoverable from one of the business associates towards import of pet bottle material, which are pledged with the company. The company has initiated necessary legal steps to recover the dues. A provision of ₹1.76 crore (₹1.76 crore) has been made to the extent dues not covered by pledged stock.
- 19.6 Long term trade receivables include ₹48.57 Crore (₹58.55 crore) recoverable from one of the business associates for goods sold in earlier years. The Company has filed the winding up petition which has now been transferred to NCLT, Kolkata, in view of Central Government Notification dated 07/12/2016 and of Hon'ble High Court, Cuttak order dated 15/12/2016. Proceedings u/s 340 of CRPC is under progress at Balasore district court. ₹17 crore has been received from February 17 to May 17 from the associate under order of ICA. A total provision of ₹41.57 crore has been made during the current year.
- 19.7 Claims recoverable (Govt. of India) include ₹73.55 crore (₹100.70 crore) towards import of pulses under Govt. A/c during the years 2006-07 to 2010-11 which was fully provided during the year 2013-14. As approved by Ministry of Consumer Affairs, reimbursement limit was enhanced from 15% to 20% of the landed cost and period of claim was extended up to 30.09.2011 (i.e. by 6 months), resulting in admissible claims to the tune of ₹60.47 crore against which ₹14.25 crore was received by STC during F.Y. 2015-16. Further, balance/settled claim amount of ₹27.15 crore has been received during F.Y. 2016-17. In addition, a claim of ₹18.80 crore on account of interest deducted by Ministry is also being taken up vigorously. Further, the reimbursement of remaining claims beyond 20% is being taken up with the Ministry of Consumer Affairs by STC, on actual basis.
- 19.8 Long term trade receivables include ₹10.21 crore (₹10.21 crore) recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the year 2010-11 and 2011-12. All amounts relating to this supply were received by STC except the outstanding balance of ₹10.21 crore (₹10.21 crore) pending for final reconciliation at the end of MARKFED and Govt. of Maharashtra. Matter is being constantly taken up with GOM and MARKFED for recovery. As a matter of prudence, provision of ₹10.21 crore has been made in current year.
- 19.9 Long term trade receivables include ₹122.95 crore (₹122.77 crore) recoverable from one of the business associate for goods sold in the earlier years which is overdue. Negotiation with a PSU for selling of the stocks, which has acquired the plant and machinery, is under progress. As a matter of prudence, full provision for ₹122.95 crore has been created during the current year.
- 19.10 Long Term trade receivable include ₹3.47 crore (₹21.90 crore) being 3.5% of invoice value retained by one of the business associates as performance guarantee which is secured by corresponding credit balance available in sundry creditors.
- 19.11 Long term trade receivables include ₹17.28 crore (₹20.56 crore) recoverable from one of the business associates for goods sold in earlier years. Criminal complaints u/s 138 of Negotiable Instruments Act, 1881 and contempt application filed before Hon'ble High Court, New Delhi are under progress against the business associate. As a matter of prudence, provision for full amount of ₹17.28 crore has been created during current year. Company is expecting settlement offer in view of criminal proceedings against business associate.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

CURRENT ASSETS
NOTE NO. 20
CURRENT INVESTMENTS

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 1st March, 2016
Current Investment	-	-
Total	-	-

NOTE NO. 21
INVENTORIES

Particulars	As at 31st March, 2017	As at 1st March, 2016
(As taken, Valued & Certified by Management)		
(a) Raw Material & Components	-	-
(b) Work- In Progress	-	-
(c) Finished Goods	-	-
(d) Stock In Trade including with Handling Agent/Local Agent	39.46	0.05
(e) Stores & Spares	0.06	0.05
(f) Loose Tools	-	-
(g) Goods in Transit	-	-
- Imported goods	-	0.16
- Domestic goods	-	-
(h) Others (specify)	-	-
- Packing materials	0.05	0.05
- Stationery	0.09	0.07
- Others	0.04	0.04
Total	39.70	0.42
21.1 For Mode of Valuation, please refer para 10 of Note 44 to the financial statements.		

NOTE NO. 22
TRADE RECEIVABLES

Particulars	As at 31st March, 2017	As at 1st March, 2016
(a) Trade Receivables over Six Months		
- Secured, Considerable Good	89.62	669.73
- Unsecured, Considerable Good	1,756.90	1,757.77
- Doubtful	33.39	30.05
Gross Receivable	1,879.91	2,457.55
Less : Allowance for bad & doubtful receivable	33.39	30.05
Net Receivable	1,846.52	2,427.50
(b) Other Trade Receivables		
- Secured, Considerable Good	42.38	43.28
- Unsecured, Considerable Good	223.70	170.31
- Doubtful	-	-
Gross Receivable	266.08	213.59
Less : Allowance for bad & doubtful receivable	-	-
Net Receivable	266.08	213.59
Grand Total (a+b)	2,112.60	2,641.09

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- 22.1 Trade receivables include ₹1904.24 crore (₹1740.42 Crore) for goods sold during previous years to one of the business associates. Dues are secured by EMD of ₹29.73 crore and the personal guarantee of Chairman of its holding company. The business associate and its holding company (Guarantor) had signed a Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 with STC for payment of entire dues by 10.11.2012 under Indian Arbitration and Conciliation Act and is legally enforceable as decree. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of ₹70.18 crore on the direction of Hon'ble Supreme Court. Considering the status of case in the Hon'ble Supreme Court, the management is hopeful that the associate may come out with firm settlement proposal for repayment on the next date of hearing likely on 05.07.2017. Hence the debt is good and recoverable.
- 22.2 Trade receivables include an amount of ₹10.53 crore (₹10.28 crore) recoverable from one of the business associates for sale of met coke. A provision of ₹3.33 crore has been made during the current year. The balance dues are secured by mortgage of free hold land. The business associate has undertaken to repay all dues along with interest on receipt of CDR package. The company has filed legal and criminal case against the business associate which are being followed up.
- 22.3 Trade receivable include ₹9.95 crore towards balance 25% of the export proceeds to be recovered and transferred to FCI subsequent to deduction of charge, if any. Matter pending subject to resolving of the claim of GASC amounting to USD 973,585 towards fumigation and other charges at port. The same has been refuted by STC as per contract terms and matters has been taken up with MEA for early resolution.
- 22.4 Trade receivables include ₹64.23 crore (₹3.71 Crore) for urea supplied to Department of Fertilizers (DOF). The payments have been withheld on account of quality parameters. The matter has been taken up with DOF and DOF has referred the matter to Ministry of Law for opinion. Consequently PBG of foreign suppliers amounting to ₹20.56 crore has been invoked. The matter is being continuously pursued with DOF for immediate settlement of the issues and release of payments. In view of above, no provision is considered necessary at this stage.
- 22.5 Trade receivables include ₹84.96 crore (₹486.34 crore) which is overdue pending reconciliation of issue/performance guarantee. The outstanding amount is secured by corresponding credit balance available in sundry creditors.
- 22.6 Trade Receivables of subsidiary company includes the following which has been fully provided :
- (i) ₹2.26 crore [excluding interest and trade margin] due from M/s.Meta Copper and Alloys Ltd. Goa against High Seas Sale and pledge of stocks in their premises which was under CWC management. As the payments were not received, the subsidiary company invoked the Personal/Corporate Guarantee executed by M/s. Meta Copper & Alloys Limited in favour of the subsidiary company and filed cases under Section 138 of N.I. Act. The subsidiary company has made full provision for ₹2.26 crore in the earlier years. Arbitral award dated 30.09.2013 came in favour of the subsidiary company for recovery of claims. M/s. Meta Copper has challenged the arbitral award in the court and the subsidiary company has filed its objection.
 - (ii) ₹17.10 crore due from R. Piyarelall Foods Pvt Ltd, Kolkata (RPFPL). The subsidiary company has filed a private complaint in the magistrate court against RPFPL, its sister concern R. Piyarelall Import & Export Ltd. (RPIEL), and C&F agent for unauthorised lifting of stocks, which has been referred to the jurisdiction police station at Bangalore. Since 'B' report was filed by the police, subsidiary company has challenged on the B report in the court requesting for re-investigation. The subsidiary Company has initiated action u/s 138 of Negotiable Instrument Act for the return of the cheque unpaid. In addition, the subsidiary Company has invoked the personal guarantee issued by the director of RPFPL and against the non payment, the subsidiary company has filed a recovery suit in the Kolkata High Court. The arbitral award dated 23.03.2016 came in favour of the subsidiary company. The subsidiary company has made full provision for ₹17.10 crore in the earlier years.
 - (iii) ₹8.96 crore due from Shree Ganesh Steels and Alloys Ltd, Chennai, [for which provision was made in the earlier years] against High seas sale and Pledge of stocks held in the premises of Container Corporation of India at Chennai. As the payments were not received, the subsidiary company invoked the Personal/Corporate Guarantee executed by M/s Shree Ganesh steels and Alloys Ltd u/s 138 of NI Act. The subsidiary company is in the process of exploring possibilities with custom authorities for liquidation of the available stock for recovery of the dues. The subsidiary company had initiated Arbitration and Retired Justice Nagamohan Das had been appointed on 19.08.2016 as Arbitrator. Arbitration proceedings are in progress.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(iv) ₹0.17 crore due from M/s A-Tech Engineering & Management towards lease rent of Steam Sterilization unit at Chhindwara. The Steam Sterilization unit at Chhindwara was leased out to M/s A-Tech Engineering & Management on 30.09.2013 on OMT basis (operate Maintain and Transfer) for a period of 5 years jointly by Spices Board and STCL on a lease rent of ₹0.02 crore p.m. w.e.f. 01.11.2013 with an annual increase of 10%. A security deposit of ₹0.25 crore in the form of bank guarantee and non-refundable pre-operative deposit of ₹0.05 crore was payable to the Lessor(s) as per the terms of the Lease. Due to non-performance as per the contract, the contract has been terminated vide letter dtd. 03.02.2015 w.e.f. 31.01.2015. The amount of bank guarantee of ₹0.25 crore has been forfeited by the Spices Board. The bank guarantee of ₹0.25 crore and non-refundable pre-operative deposit of ₹0.05 crore has been adjusted by Spices Board on account of lease rentals. An amount of ₹0.11 crore is shown as lease rent receivable chhindwara from Spices Board.

NOTE NO. 23

CASH & CASH EQUIVALENTS

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 1st March, 2016
(a) Balances with banks:		
- Cash Credit account - Debit Balance	1.34	2.30
- Current Accounts	5.87	5.69
- Current Account in Foreign currency - EEFC	0.01	0.01
(b) Cheques, Drafts on hand	-	0.01
(c) Cash on hand	-	0.01
(d) Stamps & Stamp Papers	-	-
(e) Short Term Deposit with banks :	-	-
- Deposit pledged/Under Lien as margin Money	2.05	-
- Deposit from Associates	1.31	3.06
- Other Deposits with 3 months or less maturity	-	0.50
- Other Deposits	0.05	1.18
(f) Interest accrued on Term Deposits :	-	-
- Deposit pledged / Under Lien as margin Money	0.10	-
- Deposit from Associates	-	-
- Other Deposits	0.01	0.01
(g) Unpaid Dividend Bank Account	0.11	0.20
(h) Others (Specify nature)	-	-
Total	10.85	12.97

23.1 Details of Specified bank notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016 (in compliance with MCA notification no. G.S.R. 307(E) & 308(E) dated 30.03.2017)

	SBNs	Other denomination notes	Total
Closing cash in Hand as on 08.11.2016	0	42,828.00	42,828.00
(+) Permitted Receipts	0	1,03,960.00	1,03,960.00
(+) Withdrawal from Bank A/cs	0	-	-
(-) Permitted Payments	0	88,004.00	88,004.00
(-) Amount deposited in Banks	0	23,960.00	23,960.00
Closing cash in Hand as on 30.12.2016	0	34,824.00	34,824.00

23.2 The cash and bank balances of subsidiary company include ₹88706/- (₹90749/-) equivalent to USD 1368.10 (USD 1368.10) which was held in EEFC account at the banks, for which USD 1000 confirmation was received from the banks.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE NO. 24 SHORT TERM LOANS AND ADVANCES

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 1st March, 2016
1 Capital Advances		
- Secured, Considered Good	-	0.06
- Unsecured, Considered Good	0.01	0.07
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	0.01	0.13
2 Security Deposits		
- Secured, Considered Good	0.50	-
- Unsecured, Considered Good	0.96	0.96
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	1.46	0.96
3 Loans and advances to related parties		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	-	-
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	-	-
4 Advances to employees		
- Secured, Considered Good	0.98	1.17
- Unsecured, Considered Good	0.64	0.79
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	1.62	1.96
5 Interest accrued on advances to employees		
- Secured, Considered Good	0.94	0.89
- Unsecured, Considered Good	0.10	0.09
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	1.04	0.98
6 Trade advances		
- Secured, Considered Good	0.02	-
- Unsecured, Considered Good	12.52	2.53
- Doubtful	1,155.25	1,155.25
Less : Allowance for Bad & Doubtful	1,155.25	1,155.25
Net	12.54	2.53
7 Advance tax (net of provision)		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	22.09	34.56
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	22.09	34.56

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 1st March, 2016
8 Other Misc. advances		
- Secured, Considered Good	6.85	-
- Unsecured, Considered Good	3.72	0.20
- Doubtful	-	-
Less : Allowance for Bad & Doubtful	-	-
Net	10.57	0.20
Total	49.33	41.32
PARTICULARS OF SHORT TERM LOANS AND ADVANCES		
- Secured, Considered Good	9.29	2.11
- Unsecured, Considered Good	40.04	39.21
- Doubtful	1,155.25	1,155.25
Total	1,204.58	1,196.57
Less : Allowance for Bad & Doubtful	1,155.25	1,155.25
Net	49.33	41.32

24.1 Details of dues from Directors/Officers :-

- Directors :	NIL	NIL
- Officers :	₹5.68 crore	₹1.95 crore

24.2 Loans and Advances of subsidiary company includes ₹1,155.25crore [net of security deposit/margin money] shown as Claims Receivable from Business Associates M/s.Future Exim (India) Pvt. Ltd. & M/s.Future Metals Pvt. Ltd. The subsidiary company opened usance letters of credit on overseas suppliers for import of Metal Scraps-[Nickel/Copper Scrap] for merchanting trade at the cost and risk of the Business associates. The Business Associates/buyers failed to meet the commitment of making the payment before the due dates of the Letters of Credit and this resulted in devolvement of LC's on subsidiary company. The net amount due from above business associate is ₹1,155.25 crore towards the cost of cargoes stuffed in 885 containers supposed to contain Nickel and Copper scrap which were lying at South Korean and Vietnam ports. As the payments were not received, few containers were got opened by the subsidiary company which were found to contain Iron scrap instead of Nickel and Copper scrap. The containers were auctioned by the port authorities. In view of the cargo being assessed as Iron/Steel scrap and the auction sales price ranging from USD 206-250 per MT, the subsidiary company has filed compliant against overseas seller M/s. Asia Metals & Commodities Pte Ltd., Singapore, business associates as well as international inspection agency, M/s. Worldwide Logistic Survey Inspection, New Delhi, all the criminal compliant filed in India have been transferred to CBI, New Delhi. CBI has investigated the matter and filed charge sheet on 7th December, 2016 in the court of XXI Additional City Civil & Sessions Judge & Special Judge for CBI cases Bangalore (CCH-4). The Enforcement Directorate, has issued a show cause notice to subsidiary company and its four officials. Future Metals (P) Ltd. and Future Exim (India) Pvt. Ltd. and 8 bankers of subsidiary company in December 2011. The subsidiary company has replied to the show cause notice. Further, The Special Director, Enforcement Directorate, Chennai summoned the subsidiary company on 25.03.2014 and the subsidiary company appeared and presented the details in the adjudication process.

The Subsidiary Company has initiated civil and criminal proceedings for recovery of the amount from the business associates and in this connection the subsidiary company has obtained injunction on the properties owned by the business associates which includes 154 acres of land belonging to them and group companies for which the business associates have submitted original title deeds to the SBI, lead bank of consortium of banks for creation of charge.

The subsidiary company has filed criminal complaints against business associated u/s 138 of The Negotiable Instrument Act for returning of the cheque unpaid and matter is pending before the court for disposal. Subsequent to the dismissal of SLP filed in the Supreme Court by FMPL/FEIPL, the High Court of Karnataka has re-appointed Justice Shivaraj V Patil as sole

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Arbitrator vide it's order dtd. 07.04.2017. Justice Shivaraj V Patil had issued the notice to both the parties for appearing on 18.05.2017 to start the arbitration proceedings.

As the Sale is not concluded in these transactions due to non-receipt of payment from the buyers/associates as per the contract, amount paid towards devolved LC's [Purchase-Metal Scrap (Imports)] were transferred to the Business Associates account and treated as 'Claims Receivable from Business Associates' in accordance with the terms of contract.

In this connection, the subsidiary company has obtained the court injunction on the properties of the business associate. The subsidiary company had engaged the services of Government and Banks Registered Valuer to assess the value of land located at Punjab during January, 2012. By oversight, while converting 2382.91 Bighas into Acres from the valuation report, dtd. 20.01.2012, it was wrongly mentioned as 578 acres as against 501.66 acres in the previous year accounts (4.75 Bighas equal to 1 Acre, 20 Biswa equal to 1Bigha) Further the valuation of 2382.91 Bighas (501.66 Acres) was ₹548.45 crores as per the valuation report dtd. 20.01.2012 has come down to ₹400.28 crores as per the valuation report dtd. 02.12.2016 which has been shown in the below table.

Particulars of Properties	Average Value (in crores)
Immovable Properties of Business associates	
Land located at Punjab (501.66 acres) as per valuation report dated 02.12.2016	400.28
Office Building located at New Delhi (9000 sqft)	29.69
Land located at Chennai (9 acres)	40.25
Land located at Maharashtra (29.951 acres) as per valuation report dated 18.06.2013	25.63
Land located at Gujarat (202.618 acres)	20.00
Movable Properties of Business associates	
Shares (45000) of Universal Pavers (P) Ltd., Tuticorin	16.98
Total	532.83

In view of the pending establishment of clear title and creating charge on the properties of FMPL/FEIPL and its group companies in favour of Subsidiary company/banks, full provision has been made as a measure of abundant precaution.

Based on the inquiry report, on the disciplinary proceedings in the matter of irregularities in the above transaction, Disciplinary Authority vide his order dated 07.05.2014 had imposed punishment of dismissal to three official, compulsory retirement to five officials and reduction in the increment by two levels to one official. On the appeal made by two dismissed officials, the appellate authority, the board of subsidiary company set aside the dismissal order and imposed penalty of compulsory retirement. Further after going through the appeal made by other five officials, the Appellate Authority in it's 154th Board Meeting held on 26th September, 2016 upheld the punishment imposed by the Disciplinary Authority i.e. compulsory retirement.

NOTE NO. 25

OTHER CURRENT ASSETS

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 1st March, 2016
(a) Prepaid Expenses	3.35	3.53
(b) TA advance	0.06	0.01
(c) Advance for expenses	7.81	0.27
(d) VAT receivable-input	0.09	0.55
(e) Deposits	0.57	0.59
(f) Tax deducted at source	0.37	0.36
(g) Service Tax	0.14	0.14
(h) Claims Recoverable :		
i. From Govt. of India	12.26	11.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	As at 31st March, 2017	As at 1st March, 2016
ii. From PSU Banks	-	-
iii. From PSU	15.14	1.88
iv. From Govt. Dept.	-	-
v. From Business Associates	-	-
vi. Others	3.40	3.36
(i) Others	0.28	-
Total	43.47	21.69

25.1 Claim recoverable from CCIC and HHEC are ₹7.33 crore and ₹8.22 crore respectively which are Govt. of India undertakings on account of common maintenance charges, property taxes etc. The company has received ₹2.61 crore from CCIC and ₹0.46 crore from HHEC during the year 2016-17. Further, provision of ₹0.33 crore and ₹0.09 crore have been created against CCIC and HHEC respectively during the current year and for the balance matter has been taken up at higher level and the company is hopeful of receiving its entire dues from above organization. Hence, no provision in respect of above is considered necessary.

NOTE NO. 26 REVENUE FROM OPERATIONS

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Sales		
Export	788.86	1,110.47
Imported Goods	6,381.69	8,735.29
Domestic	581.61	633.40
Total (a)	7,752.16	10,479.16
(b) Other operating revenue		
Exchange Fluctuation - Gain (Net)	24.82	-
Discount on Forward Contract	0.16	0.42
Claims:		
From Govt. of India	0.04	0.03
From business associates	0.09	-
Other claims	0.01	-
Others	37.21	121.44
Total (b)	62.33	121.89
Revenue from Operations (a+b)	7,814.49	10,601.05

26.1 Exchange fluctuation-gain (net) of ₹24.82 crore (loss ₹28.20 crore shown in note 29) includes loss ₹25.18 crore (loss ₹27.14 crore) on account of business associates for which necessary adjustment has been made in Purchases/Sales Account and to that extent there is no impact on the profit for the year.

26.2 Details of exchange fluctuation (net) on account of business associates adjusted in Purchase/Sales are as follows:

(A) Export -Exchange Gain/(Loss) (Adjusted in Purchase)	(0.77)	(0.86)
(B) Import- Exchange Gain/(Loss) (Adjusted in Sales)	25.95	(26.28)
Exchange Fluctuation-net Gain/(Loss) (A+B)	25.18	(27.14)
Exchange Gain/(Loss) (Co's A/c)	(0.36)	(1.06)
Exchange fluctuation-Gain/(Loss) (net)	24.82	(28.20)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE NO. 27 OTHER INCOME

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Interest income:-		
Advance to Employees	0.69	0.81
Term Deposits With Banks & its subsidiaries :	0.54	0.39
Income Tax Refunds	-	3.36
- Other than PCFC / EPC	233.95	224.46
Other Miscellaneous interest	2.13	0.37
Total (a)	237.31	229.39
(b) Miscellaneous income:-		
Security Deposits forfeited	-	0.36
Rent received from Employees	0.16	0.14
Amortisation of ASIDE GRANT- Chhindwara	0.14	0.17
Total (b)	0.30	0.67
(c) Rental income:-		
Rent Received from let-out property	35.64	34.97
Recoveries for common services from tenants	5.87	5.87
Total	41.51	40.84
Less: Expenses related to let out property		
Land & development office charges@25%	-	7.78
Property tax	6.19	4.86
Municipal tax	-	-
Insurance premium	0.08	0.07
Maintenance charges	0.92	1.10
Administrative expenses	0.86	0.96
Total	8.05	14.77
Net rental income - Total (c)	33.46	26.07
(d) Other Receipts:-		
- Difference in exchange other than commodity items	0.40	0.19
- Misc. non Trade receipts	0.64	0.53
Total (d)	1.04	0.72
Gross Total (a+b+c+d)	272.11	256.85

27.1 Other Income include interest of ₹231.93 crore (₹224.33 Crore) recoverable from one of the business associates with whom conciliation agreement has been signed which has been held as final by Hon'ble Supreme Court. Dues are secured by EMD of ₹29.73 crore and the personal guarantee of Chairman of its holding company. The case for enforcement of decree is continuing with Hon'ble Supreme Court. During the year, the business associate remitted an amount of ₹70.18 crore on the direction of Hon'ble Supreme Court. Considering the status of case in the Hon'ble Supreme Court, the management is hopeful that the associate may come out with firm settlement proposal for repayment on the next date of hearing likely on 05.07.2017. Hence the debt is good and interest accrued thereon is recognized as income.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

EXPENSES:

NOTE NO. 28

COST OF MATERIALS CONSUMED

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Opening balance of packing material	0.05	0.05
Add: Purchases made during the year	0.04	0.09
Total	0.09	0.14
Less: Closing balance of packing material	0.05	0.05
Cost of materials consumed during the year	0.04	0.09

NOTE NO. 29

PURCHASES OF STOCK IN TRADE

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Export Purchase	741.50	1,076.69
Import Purchase	6,048.01	8,253.89
Domestic Purchase	568.92	626.44
Freight - Road	-	0.06
- Rail	0.70	-
- Marine	29.82	23.35
Freight Reimbursement	23.67	106.94
Exchange fluctuation -loss (Net)	-	28.20
Premium on forward contract	-	0.16
Insurance - General	0.17	0.06
- Marine	0.42	0.59
Customs Duty	396.53	442.11
Clearing, Handling, Survey fee, port & Other Charges	5.53	1.70
Sales Tax/ Sur Charge on Sales Tax/VAT	0.25	0.21
Octroi/Purchase Tax Reimbursement	0.03	-
Total	7,815.55	10,560.40
29.1 Itemwise of Purchase		
HR Carbon Steel plates	96.31	1,009.39
Gold	3,444.32	3,177.91
Silver	431.56	1,152.38
Urea	2,072.49	3,782.13
Others	1,313.75	835.21
Total	7,358.43	9,957.02

NOTE NO. 30

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Inventories of finished goods		
Opening balance	0.02	0.08
Less: Closing balance	-	0.02
Changes in inventories of finished goods	0.02	0.06

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(b) Inventories of work-in-progress		
Opening balance	-	-
Less: Closing balance	-	-
Changes in inventories of work-in-progress	-	-
(c) Inventories of stock-in-trade		
Opening balance	0.18	5.05
Less: Closing balance	39.46	0.19
Changes in inventories of stock-in-trade	(39.28)	4.86
Total (a+b+c)	(39.26)	4.92

NOTE NO. 31

EMPLOYEE BENEFITS EXPENSE

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Remuneration to Staff & Managers		
Salaries and Allowances	72.45	72.47
Provident fund	5.16	4.90
Employees pension scheme 95 (EPS 95)	0.85	0.93
Performance Related Pay	-	0.02
Welfare Expenses:		
- Medical Expenses on regular employees	4.93	4.49
- Medical Expenses on retired employees	9.22	9.81
- Medical Expenses on Actuarial Liability	5.47	2.38
- Long Service Award	0.16	0.07
- Others	1.31	1.23
Gratuity	(1.25)	0.08
Pension	4.39	4.25
Total (a)	102.69	100.63
(b) Remuneration to Directors		
Salaries and Allowances (including sitting fees)	1.68	1.36
Provident fund	0.12	0.08
Employees pension scheme 95 (EPS 95)	0.01	0.01
Welfare Expenses		
- Medical Expenses on regular Directors	0.03	0.03
- Medical Expenses on retired Directors	0.14	0.10
Gratuity	0.03	0.11
Pension	0.07	0.06
Total (b)	2.09	1.76
Grand Total (a+b)	104.78	102.39

31.1 As per Accounting Standard-15 (Revised) "Employee Benefits", the disclosure as defined in the Accounting Standard are given in Note No. 53.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

31.2 Value of Bonus paid ₹12,349 (₹18,531).

31.3 Whole time directors are allowed use of company car for non-duty journey up to 1000 km per month on payment of ₹2000 per month as per DPE OM dated 21st January, 2013.

31.4 Actual medical expenses incurred towards retired employees including retired directors is ₹9.36 crore (₹9.91 crore) and provision for post retirement medical benefits on actuarial basis is ₹5.47 crore (₹2.37 crore).

NOTE NO. 32 FINANCE COSTS

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Interest Expense		
- to Banks	718.24	630.49
- Business associates	0.14	0.22
(b) Others	0.21	1.10
Total	718.59	631.81

32.1 For Interest expenses related to subsidiary company, refer note no. 10.7.

32.2 The Interest rates considered for computation of short term borrowings related to devolved LC's are based on the claims of the consortium of banks with the Debt Recovery Tribunal.

NOTE NO. 33 DEPRECIATION AND AMORTIZATION EXPENSE (Refer Note no. 12.3)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Tangible Assets		
Free hold assets:		
(a) Buildings	5.65	5.58
(b) Plant & Machinery	0.80	0.83
(c) Furniture & fittings	0.17	0.18
(d) Motor Vehicles	0.10	0.03
(e) Office equipment	0.12	0.12
(g) Computers and data processing units	0.25	0.22
(h) Electrical Insatallations & equipment	0.28	0.31
Sub Total	7.37	7.27
Lease hold assets:		
(a) Land	0.84	0.85
(b) Buildings	7.61	7.77
(c) Plant & Machinery	0.33	
(d) Roads, culverts & sewerage etc.	0.02	0.36
Sub Total	8.80	8.98
Intangible Assets		
(a) Amortization of Computer software	0.01	-
Grand Total	16.18	16.25

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE NO. 34 OTHER EXPENSES

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Other Operating Expenses		
L/C Negotiation & Bank Charges	0.95	0.51
Godown, Plot, Tank Rent	1.71	1.52
Claims Paid	-	-
Commission on Sales	-	0.02
Delivery charges	0.36	0.37
Cost of Tender	0.10	0.15
Others	0.04	0.05
Total (a)	3.16	2.62
(b) Administration expenses		
Office Rent	3.04	2.98
Rates and Taxes:	-	-
- Property Tax to Municipal Corporation	1.70	4.15
- Wealth Tax	-	-
- Others	0.04	0.04
Electricity and Water Charges	2.56	2.82
Printing and Stationery	0.49	0.34
Postage	0.14	0.13
Telephones	1.08	1.15
Books and Periodicals	0.02	0.04
Repairs :		
- Building	0.06	0.07
- Others	0.28	0.24
Travelling Expenses	1.82	1.98
Housing Colony Expenses	2.60	2.78
Service Vehicle Expenses	0.81	0.89
Insurance Premium	0.13	0.10
Auditors' Remuneration		
- Statutory Audit Fees	0.17	0.16
- Tax Audit Fees	0.08	0.08
- Certification fees	0.03	0.04
- Other charges - TA/DA etc.	-	-
HRD Expenses	0.23	0.50
Information Technology Expenses	0.17	0.32
Conveyance Expenses	0.08	0.07
Maintenance of office building	1.05	1.32
Misc. Office expenses	4.00	3.35
Total (b)	20.58	23.55
(c) Trade Expenses		
Legal & Professional Expenses	7.47	7.04
Advertisement & Publicity	0.54	0.87

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Exchange Fluctuations other than commodity items	0.07	0.73
Bank Charges	1.11	0.85
Entertainment expenses	0.32	0.29
Hospitality and Public Relations	0.09	0.03
Corporate Social Responsibility	-	-
Other Trade Expenses	1.26	0.75
Total (c)	10.86	10.56
Total (a+b+c)	34.60	36.73

NOTE NO. 35 EXCEPTIONAL ITEMS

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Expenses		
Loss on sale of fixed assets	0.02	0.02
Litigation settlement	45.42	-
Loss on revaluation of assets	0.25	0.11
Total (a)	45.69	0.13
(b) Write Offs		
Trade Receivables	0.50	1.15
Claims	0.01	0.18
Loans and Advances	0.20	-
Deposits	-	0.06
Assets	0.10	0.01
Total (b)	0.81	1.40
(c) Provision for Doubtful debts, Loans and advances & Investment Trade Receivables	195.71	2.54
Claims	4.77	0.25
Loans and Advances	-	0.73
Deposits	0.37	0.11
Investment - Long Term Investments	-	0.20
Total (c)	200.85	3.83
(d) Income		
Profit on Sale of Fixed Assets	0.80	0.04
Claim income received	0.10	-
Liabilities Created in previous years written back :		
- Statutory	-	0.08
- Others	67.75	7.28
Provision Written back for doubtful amounts realized :		
- Trade Receivables	1.20	1.04

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
- Claims	27.16	14.25
- Loans and Advances	-	-
- Deposits	0.30	-
Provision Written back for doubtful amounts written off :		
- Trade Receivables	0.42	1.16
- Claims	0.01	0.18
- Deposits	-	0.06
Write back of unclaimed credit balances	5.56	4.80
Total (d)	103.30	28.89
Total (a+b+c-d)	144.05	(23.53)

35.1 STC has got a plot measuring 2.599 acres for constructing of office building at a commercial rate of ₹1000/- per square yard vide lease agreement dated 05.12.1975. L&DO was demanding 25% of rental income on the office building at JVB considering the plot has been allotted on concessional/institutional rate @ ₹600/- per square yard. STC has disputed the same as the plot was allotted at the existing commercial rate at that time. Regarding this, various communications have been made with L&DO. During the Financial Year 2016-17, STC has got judgement from Hon'ble Supreme Court in the matter of dispute regarding property tax rebate on L&DO charges against NDMC. Accordingly, revised property tax demand of ₹80.03 crore has been raised by NDMC and write back of liability towards L&DO amounting to ₹66.12 crore has been provided for in the accounts of current year.

35.2 On the basis of judgement dated 3rd February 2016 of the Hon'ble Supreme Court, NDMC vide assessment orders dated 30.12.2016 and dated 02.01.2017 has re-assessed the rate-able value of Jawahar Vyapar Bhawan. As per these assessment orders, STC has to pay ₹80.03 crore. However, STC has made an interim payment of ₹20.00 crore and ₹2.12 crore towards revised property tax return for the F.Y. 2016-17. STC has also represented to NDMC for review of the property tax assessment.

NOTE NO. 36 EXTRAORDINARY ITEMS

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Loss due to Earthquake/Cyclone/flood	-	-
Loss due to Fire	-	-
Total	-	-

NOTE NO. 37 PRIOR PERIOD ADJUSTMENT NET (DEBIT/CREDIT)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Income		
Other Income	1.03	0.16
Interest Income	0.16	13.95
Misc. Income	0.27	(0.42)
Total (a)	1.46	13.69
(b) Expenditure		
Cost of Sales	0.06	(0.01)
Overheads		
- Administration	0.07	0.07
- Trade	0.02	(0.19)
Interest	3.50	0.10
Depreciation	(0.04)	0.01

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Crore)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Other Expenditure	0.23	-
Total (b)	3.84	(0.02)
Net Adjustment (a-b)	(2.38)	13.71
(Minus (-) shows expenses and Plus (+) shows income)		

NOTE NO. 38

CURRENT TAX

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Current Tax has been computed on profit of the year as per the prevailing tax laws	16.60	5.15
Total	16.60	5.15

NOTE NO. 39

DEFERRED TAX ASSETS (NET)

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Deferred Tax (net) is computed as per the prevailing tax laws		
Deferred Tax Assets	-	-
Deferred Tax Assets (Net)	-	-

39.1 For details refer Note No. 17.1

NOTE NO. 40

PROFIT (LOSS) FROM DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
(a) Income from discontinuing operation	-	-
(b) Expenses of discontinuing operation	-	-
Profit (Loss) (a-b)	-	-

NOTE NO. 41

TAX EXPENSE OF DISCONTINUING OPERATIONS

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
Tax expense of discontinuing operations	-	-
Tax has been computed on discontinuing operation as per the prevailing tax laws		
TOTAL	-	-

NOTE NO. 42

EARNINGS PER EQUITY SHARE -BASIC

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
A. Profit After Tax (PAT)	(728.31)	(462.22)
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Basic in ₹ (A/B)	(121.39)	(77.04)
Face Value in ₹	10.00	10.00

NOTE NO. 43

EARNINGS PER EQUITY SHARE -DILUTED

Particulars	For The Year Ended 31st March, 2017	For The Year Ended 31st March, 2016
A. Profit After Tax (PAT)	(728.31)	(462.22)
B. Weighted average No. of equity shares (in crore)	6.00	6.00
EPS - Diluted in ₹ (A/B)	(121.39)	(77.04)
Face Value in ₹	10.00	10.00

Note no. 44

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Consolidation :

The Consolidated Financial Statements relate to The State Trading Corporation of India Limited and its 100% subsidiary STCL Limited.

- a) The financial statements of the company and its subsidiary company have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The effect of intra group transactions is eliminated in the consolidation.
- b) The difference between the cost of investments in the subsidiary/associate, over the net assets at the time of acquisition of share in the subsidiary/associate is recognized in the Financial Statements as Goodwill or Capital Reserve as the case may be.
- c) The Financial Statements of Joint Venture entities are combined by applying proportionate consolidation method on a line by line item of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS-27) "Financial Reporting of Interest in Joint Ventures".
- d) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements except as otherwise stated in other notes to the accounts.

2. Investments other than in Subsidiaries, Associates and Joint Ventures have been accounted for as per Accounting Standard (As-13)"Accounting for Investments".

3. Other Significant Policies :

These are set out under 'Significant Accounting Policies' as given in separate Financial Statements of The State Trading Corporation of India Limited and its Subsidiary STCL Limited.

For P.JAIN & COMPANY
Chartered Accountants
FRN: 000711C

Sd/-
(RAJIV CHOPRA)
Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-
(S.K. SHARMA)
Director (Personnel) with
additional charge of
Director (Finance)
DIN - 06942536

Sd/-
(Pankaj Jain)
Partner
M. No. 097279

Sd/-
(B.R. DHAWAN)
Chief General Manager-Finance

Sd/-
(RITU ARORA)
Company secretary
FCS-5270

Place: New Delhi
Date: 30.05.2017

Notes forming part of Consolidated Financial Statements

(₹ in Crore)

45. CONTINGENT LIABILITIES & COMMITMENT

I	Contingent Liabilities not provided for	31.3.2017	31.3.2016
A	Claims against the company /disputed liabilities not acknowledged as debt (incl. interest wherever determined)	3087.17	4294.87
B	Guarantees	139.87	76.41
C	Other money for which company is contingently liable	26.65	22.54
II	Commitment		
A	Estimated amount of contracts remaining to be executed on capital account and not provided for	15.79	14.99
B	Uncalled liability on shares and other investments partly paid	-	-
C	Other commitments	-	-

Notes:

- (a) The above claims/demands are at various stages of appeal and in the opinion of the company are not tenable. Further, in some of the cases amounts included under contingent liabilities relate to commodities handled on Government of India account and liability, if any, would be recoverable from Government of India.
- (b) Contingent liabilities include an amount of ₹88.01 crore (₹85.29 crore) along with interest payable to a foreign supplier on account of import of pulses in earlier years as per award of arbitral tribunal passed in favour of foreign supplier. The company has filed an appeal against the Tribunal award in the Hon'ble Delhi High Court. This transaction was undertaken on behalf of Ministry of Consumer Affairs (MOCA), hence the corresponding claim is made with MOCA, which is being regularly followed -up.
- (c) Contingent liabilities include an amount of ₹74.92 crore (₹129.56 Crore) along with interest payable to a foreign supplier on account of import of Urea in earlier years as per majority arbitration award passed in favour of foreign supplier. The company has filed an appeal against the majority arbitration award in the Hon'ble Delhi High Court. In view of above, no provision is considered necessary at this stage.
- (d) Contingent liability is not updated by determining and including of interest by Mumbai Branch. Certain supporting documents of contingent liability were not available at Ahmedabad & Mumbai Branch.
- (e) Claims against the subsidiary company not acknowledged as debt includes -
 - i. ₹12.68 crore [excluding interest] due from M/s. Devi Mineral Resources [I] Pvt. Ltd., is a group company of Devi Trading and subsidiary company has initiated various legal steps for recovery of dues. In order to counter the legitimate claim of STCL, Devi Trading has raised the counter claim of USD 28,80,000 against subsidiary company with ulterior motive which is false and baseless. However the subsidiary company has disclosed sum of USD 28,80,000 as contingent liability.
 - ii. Subsidiary company was defrauded by M/s. Future Exim (India) Pvt. Ltd. & M/s.Future Metals Pvt. Ltd., in the third country merchanting trade and STCL had initiated legal steps for recovery of dues as one of the legal recourses. Subsidiary company has also initiated arbitration against M/s.FEIPL & M/s. FMPL. Sino Asia is one of group company of M/s.FEIPL & M/s. FMPL raised a wrong claim for sum USD 16,80,00,000/- with ulterior motive to counter the legitimate claim of STCL against M/s.FEIPL & M/s. FMPL even though all the legal steps have initiated to counter the claim. However the subsidiary company has disclosed sum of USD 16,80,00,000 as contingent liability.
 - iii. The APMC, Bangalore has filed a suit in May 2011 against the subsidiary company for recovery of Market Fee / Penalty totalling an amount of ₹1.14 crore. The transaction was carried out in the year 2001-02. The Market Fee was already paid by the subsidiary company to Food Corporation of India, Bangalore while obtaining Release / Delivery Order for 80,000 MTs of Maize through Tender Process. Accordingly the subsidiary company has filed its objections to the petition and the legal proceedings are in progress. The claims of APMC has been shown under contingent liabilities.
 - iv. Subsidiary company had awarded the Civil construction work to M/s Carmel Builders Fibro tech India Pvt Ltd, in respect of Pepper processing unit at Siddapura in Coorg Dist. of Karnataka in Aug 2008. The subsidiary company terminated the contract in July 2009 on account of poor progress of work. The contractor has disputed the same and made a demand of ₹0.80 crore towards the work done. The Arbitration was completed and awarded subsidiary company to pay a sum ₹0.49 crore to M/s Carmel Builders. Subsidiary company has challenged the Arbitral award in the court. The Balance amount of ₹0.67 crore (₹0.80 crore less ₹0.13 crore shown under payable to contractor) is shown under contingent liability.

- v. M/s.Excel Cardamom Company had filed a petition in the year 1992 on the subsidiary company in Delhi High Court against the forfeiture of EMD amount of ₹0.10 crore by the subsidiary company in respect of cloves transactions. In the year 2007, the High Court having adjudicated the matter, passed a decree that subsidiary company was entitled to forfeit only ₹0.01 crore being its share of profit and has to refund the balance amount of ₹0.09 crore along with interest. Subsidiary company had filed an Appeal with the Divisional Bench which stayed the execution of the said decree subject to STCL depositing a sum of ₹0.06 crore and BG of ₹0.10 crore in favour of Delhi High Court, which was complied with. The Divisional Bench has passed an order in March-2008 against the subsidiary company as per which STCL has to pay ₹0.10 crore to Excel Cardamom Co. along with interest of 9% p.a. from June 1989. The order also stated that BG of ₹0.10 crore be encashed and along with the Deposit ₹0.06 crore the balance amount Excel Cardamom can file an execution petition. The subsidiary company has filed a SLP in Supreme Court against the Order of Delhi High Court. However, the subsidiary company has disclosed the liability of ₹0.35 crore under Contingent Liability.
- vi. The subsidiary company has made provision for payment of interest as per the claims made by the consortium of banks in the DRT application upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. IDBI Bank claimed an amount of ₹62.00 crore towards penal interest/liquidated damages as per the balance confirmation certificate as on 31.03.2012. However, the subsidiary company has disclosed the liability of ₹62.00 crore under contingent liability.
- vii. The subsidiary company has made provision for payment of interest as per the claims made by the consortium of banks in the DRT application upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. Union Bank of India claimed an amount of ₹9.60 crore towards excess interest as per the balance confirmation certificate as on 31.03.2015. However, the subsidiary company has disclosed the liability of ₹9.60 crore under contingent liability.
- viii. The subsidiary company has made provision for payment of interest as per the claims made by the consortium of banks in the DRT application upto 20.07.2011 and further interest are provided at the rates mentioned in the DRT application. State Bank of India claimed an amount of ₹94.24 crore towards excess interest as per the balance confirmation certificate as on 31.03.2016. However, the subsidiary company has disclosed the liability of ₹94.24 crore under contingent liability.
- ix. The subsidiary company had obtained a legal opinion which stated that fee collected for issuance of NOC for export of onion does not fall within the definition of ambit of Service Tax and hence, service tax is not applicable. Based on the legal opinion, the subsidiary company had not collected / paid service tax on said transaction. The subsidiary company had received a Show-cause Notice from the Service Tax Department in October 2011 for non payment of Service Tax of ₹1.43 crore for the year 2006-07 to 2010-11 (excluding interest and penalty) and the subsidiary company filed an Appeal against the said Notice which was held against it as per the Order dtd. 13.12.2012 of the Commissioner (Adjudication) and demanded a payment of ₹1.43 crore as Service Tax and imposing an equivalent amount of ₹1.43 crore as penalty. The subsidiary company has filed an Appeal against the above Order with the Service Tax Appellate Tribunal (CESTAT) on 19.03.2013 as per the legal advice obtained. The CESTAT impugned order is set aside and the matter is remanded to the original adjudicating authority. The subsidiary company has disclosed sum of ₹4.23 crore as contingent liability towards service tax for the period from 1.4.06 to 31.03.2014 including the penalties of ₹1.43 crore.
- x. In respect of Assessment year 2010-11, notice has been received u/s 220(2) dtd. 26.02.2016 for payment of ₹2.12 crore as interest against the default. The subsidiary company had filed an application u/s 220(2)(a) on 22.06.2016, requesting to drop the interest amount claimed. However the subsidiary company has disclosed the liability of ₹2.12 crore under Contingent Liability.
- xi. Subsequent to filing of arbitration petition by M/s Shiva shanker Minerals Pvt. Ltd. against STCL and on completion of arbitration process and being awarded ₹3.37 crore including legal fees of ₹0.27 crore along with interest at the rate of 12% till the realisation. Subsidiary company has filed an appeal against the arbitration award which is pending before the City Civil Court, Bangalore. However the subsidiary company has disclosed the total liability of ₹6.07 crore along with interest of ₹2.69 crore till date.
- 46. (a)** Trade receivables, loans & advances and other current & non-current assets include ₹21.22 crore (₹31.09 crore) which are under dispute/litigation. In some cases, there are corresponding payments withheld or receivables relating to commodities handled on account of Government of India. Hence no provision is considered necessary.
- (b)** In the opinion of the Management of the company, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and provision has been made wherever considered necessary.
- 47.** Balances in parties' accounts, claim recoverable and advances are subject to reconciliation/confirmation in many cases and are subject to adjustments that may arise on reconciliation.

48. Current and other liabilities include balances that are subject to reconciliation/confirmation and consequential adjustments.
49. Purchases and Sales mainly represent procurement and/or supply undertaken for and on behalf of Business Associates by the Company on a fixed trade margin where the ultimate beneficiary is the Business Associate who is also liable to indemnify the losses, if any. The recognition is based on the legal and contractual obligations assumed by the Company and the transfer of title to the goods passing through it under the contract.

50. ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE-III OF THE COMPANIES ACT, 2013

(₹ in Crore)

	2016-17	2015-16
a) Value of Imports on CIF basis		
Import of Trading Goods including freight etc.*	6042.08	8254.47
b) Expenditure in Foreign Currency (on accrual basis)		
i) Interest	0.20	-
ii) Training	0.03	0.05
iii) Travelling	0.23	0.18
iv) Others	0.02	0.05
Total	6042.56	8254.75
c) Earning in Foreign Exchange (on accrual basis)		
i) Export of goods on FOB basis*	739.97	50.24
ii) Others	2.93	0.89
Total	742.90	51.13

* include third party transactions.

51. INFORMATION ABOUT CONSOLIDATED BUSINESS SEGMENT AS ON 31.03.2017

(Amount in ₹ Crore)

S. NO.	PARTICULARS	EXPORT		IMPORT		DOMESTIC		UNALLOCATED		CONSOLIDATED	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1	Revenue										
a.	External sales	793.11	1,117.16	6,414.88	8,742.50	606.50	741.39	-	-	7,814.49	10,601.05
b.	Inter-segment sales	-	-	-	-	-	-	-	-	-	-
	Total Revenue (1a+1b)	793.11	1,117.16	6,414.88	8,742.50	606.50	741.39	-	-	7,814.49	10,601.05
2	Result										
a.	Segment result	19.48	15.86	10.09	11.32	5.46	5.93	-	-	35.03	33.11
b.	Unallocated corporate expenses	1.56	2.28	109.82	(19.72)	43.68	1.52	106.62	117.68	261.68	101.76
3	Operating Profit (2a-2b)	17.92	13.58	(99.73)	31.04	(38.22)	4.41	(106.62)	(117.68)	(226.65)	(68.65)
4	Interest expenses	-	21.17	0.12	0.37	-	-	718.47	610.27	718.59	631.81
5	Interest Income	232.02	224.34	1.55	0.08	0.48	0.10	3.26	4.87	237.31	229.39
6	Income tax	-	-	-	-	-	-	18.00	4.84	18.00	4.84
7	Profit from ordinary activities (3-4+5-6)	249.94	216.75	(98.30)	30.75	(37.74)	4.51	(839.83)	(727.93)	(725.93)	(475.92)
8 a	Extraordinary loss/Expenses	-	-	-	-	-	-	-	-	-	-
8 b	Prior period adjustment (Debit)/Credit	0.98	3.79	0.07	0.05	-	-	(3.43)	9.87	(2.38)	13.71
	Total (8a-8b)	(0.98)	(3.79)	(0.07)	(0.05)	-	-	3.43	(9.87)	2.38	(13.71)
9	Profit/(Loss) from Discontinue operations	-	-	-	-	-	-	-	-	-	-
10	Net Profit (7-8)	250.92	220.54	(98.23)	30.80	(37.74)	4.51	(843.26)	(718.06)	(728.31)	(462.21)
11	Other Information										
a.	Segment assets	2,984.16	3,215.53	102.94	336.27	144.90	159.69	1,058.79	1,146.39	4,290.78	4,857.87
b.	Segment liabilities	1,367.76	1,801.16	241.87	206.99	49.99	77.44	5,644.39	5,057.17	7,304.01	7,142.77
c.	Capital Expenditure	-	-	-	-	-	-	2.68	1.77	2.68	1.77
d.	Depreciation	-	-	-	-	-	0.09	16.18	16.16	16.18	16.25
e.	Non-cash expenses other than depreciation	0.50	1.01	178.16	1.00	(6.81)	0.01	29.81	3.21	201.66	5.23

52. RELATED PARTY TRANSACTION

1. Key Management Personnel

- | | |
|--------------------------|--|
| i. Directors | |
| a. Shri Khaleel Rahim* | Chairman & Managing Director |
| b. Shri Rajiv Chopra | Director (Marketing) (additional charge of CMD w.e.f. 18.11.2016) |
| c. Shri Sanjeev Sharma | Director (Personnel) (additional charge of Director-Finance w.e.f. 31.10.2016) |
| d. Shri G. Ravichandran | Director (Finance) (up to 24.08.2016) |
| e. Shri P.K. Das | Director (Marketing) |
| f. Shri Sanjeev K. Gupta | Director (Marketing) (from 27.04.2016) |
| g. Shri H.P. Girish | Managing Director (STCL Limited) |

*He has been placed under suspension w.e.f. 18.11.2016 by order of the Government of India, Ministry of Commerce & Industry, Department of Commerce

II. Others

- | | |
|-------------------------|--------------------------------------|
| a. Ms. Kanchan Tripathi | Company Secretary (up to 11.08.2016) |
| b. Ms. Ritu Arora | Company Secretary (from 11.08.2016) |

ii. Relatives of Directors

None

Remuneration paid to Key Management Personnel is ₹2.37 crore (₹1.71 crore).

2. Joint Ventures - NSS Satpura Agro Development Company Limited

53. Disclosure as per AS-15 (Employee Benefits)

General description of various defined employee benefit schemes are as under:

A. Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the year is recognised as expenses and is charged to the Statement of Profit & Loss. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by the Government. Overall interest earnings and cumulative surplus is more than the statutory interest payment requirement.

B. Post-Retirement Medical Facility (PRMF)

The company has Post-Retirement Medical Facility (PRMF), under which retired employee and his/her spouse are eligible for medical facilities in the empanelled hospitals. They can also avail treatment as Out-Patient subject to a ceiling fixed by the Company. Post-retirement medical benefits are recognised in the books as per the actuarial valuation. Total actuarial liability of ₹102.43 crore (₹96.95 crore) is estimated as per actuarial valuation as on 31.03.2017 for on roll and retired employees.

C. Leave

The Company provides for Earned Leave (EL) and Half Pay Leave (HPL) benefit to the employees of the Company which accrue annually at 30 days and 20 days respectively. The maximum ceiling for encashment of leave at time of superannuation/cessation from service other than on disciplinary ground shall be limited to 300 days (EL & HPL combined). 50% of EL subject to a maximum 150 days is en-cashable on resignation. EL is en-cashable while in service leaving a minimum balance of 15 days twice in a year. Total actuarial liability of ₹13.05 crore (₹15.57 crore) for EL and ₹14.30 crore (₹14.08 crore) for HPL is estimated as per actuarial valuation as on 31.03.2017.

D. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 x last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹10 lakhs on superannuation, resignation, termination, disablement or death. Total actuarial liability of ₹51.41 crore (₹52.34 crore) is estimated as per actuarial valuation as on 31.03.2017 for on roll employees.

E. Other Benefits

Service awards are given to regular employees for rendering continuous service in the Company for long service rendered by them on completion of 15/25/30/35/38 years of service. Besides this, service award @ ₹1,000/- per year for each completed year of service is also given at the time of retirement subject to a maximum of ₹30,000/-. Total actuarial liability of ₹1.53 crore (₹1.55 crore) is estimated as per actuarial valuation as on 31.03.2017 for on roll employees.

F. Pension

Company has defined contribution pension plan for its existing employees in pursuance to the guidelines issued by the Department of Public Enterprises. In this regard STC Employees Defined Contribution Superannuation Pension Trust has been formed. Under the scheme the employer's contribution is 9% of basic pay plus VDA of eligible employees and the funds of the trust are managed by LIC.

The summarised position of various defined benefits recognised in the Statement of Profit & Loss and Balance Sheet as under.

i. Expenses recognized in Statement of Profit & Loss

(₹ in Crore)

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Current Service Cost	2.11	2.09	0.81	0.87	0.65	0.60
Past Service Cost	-	-	-	-	-	-
Interest Cost	4.06	4.28	1.21	1.25	1.09	1.10
Expected return on plan assets	(4.71)	(4.74)	-	-	-	-
Net actuarial (gain)/loss recognized in the year	(2.68)	(1.67)	2.50	3.37	(0.87)	(0.20)
Expenses recognized in the Statement of Profit & Loss	(1.22)	(0.04)	4.52	5.49	0.87	1.50

ii. The amount recognised in the Balance Sheet

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Present value of obligation as on 31.3.2017	51.41	52.34	13.05	15.57	14.30	14.08
Fair value of plan assets as on 31.3.2017	52.54	52.30	-	-	-	-
Funded Status	1.13	(0.04)	(13.05)	(15.57)	(14.30)	(14.08)
Excess of actual over estimated	(0.73)	(0.57)				
Net Asset/(Liability) recognized in the Balance Sheet	1.13	(0.04)	(13.05)	(15.57)	(14.30)	(14.08)

iii. Changes in the present value of defined benefit obligations:

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Present value of obligation as on 1.4.2016	52.34	53.54	15.57	15.66	14.08	13.77
Acquisition adjustment	0.10	0.03	-	-	-	-
Interest cost	4.06	4.28	1.21	1.25	1.09	1.10
Current Service Cost	2.11	2.09	0.81	0.87	0.65	0.60
Past Service Cost	-	-	-	-	-	-
Benefits paid	(3.79)	(5.36)	(7.04)	(5.58)	(0.65)	(1.18)
Actuarial (gain)/loss on obligation	(3.41)	(2.24)	2.50	3.37	(0.87)	(0.21)
Present value of the defined obligation as on 31.03.2017	51.41	52.34	13.05	15.57	14.30	14.08

iv. Changes in the fair value of plan assets:

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Fair value of plan assets as on 1.4.2016	52.30	52.70	-	-	-	-
Acquisition adjustment	0.10	-				
Expected return on plan assets	4.71	4.74	-	-	-	-
Contributions by employer	-	0.79	-	-	-	-
Benefit paid	(3.79)	(5.36)	-	-	-	-
Excess return to STC	(0.05)	-	-	-	-	-
Actuarial gain/(loss)	(0.73)	(0.57)	-	-	-	-
Fair value of plan assets as on 31.3.2017	52.54	52.30	-	-	-	-

v. Actuarial Assumptions

(₹ in Crore)

Particulars	Gratuity		Earned Leave		Half Pay Leave	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Discount rate	7.36%	7.75%	7.36%	7.75%	7.36%	7.75%
Expected return on plan asset	8.00%	9.00%	-	-	-	-
Future Salary Increase	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

The discount rate is generally based upon the market yields available on Government Bonds at the accounting date with a term that of the liabilities and the salary growth rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

54. Foreign Exchange Exposure as on 31.03.2017

- (a) On STC's Account
(Foreign Currency in crore)

Particulars	Hedged		Un-hedged	
	Receivables	Payables	Receivables	Payables
USD	- (-)	-(0.19)	0.07 (0.07)	0.39 (19.10)

Note: The above excludes an amount of USD 41.47 crore (USD 37.86 crore) recoverable at average rate of 1 USD=₹46.10 (1 USD=₹46.18) frozen as per conciliation agreement with the business associate.

- (b) On Business Associate Accounts

Particulars	Hedged		Un-hedged	
	Receivables	Payables	Receivables	Payables
USD	- (-)	-(0.48)	31.54 (31.38)	0.43 (19.08)
EURO	- (-)	- (-)	0.21 (0.09)	0.05 (0.02)

55. As required by the Accounting Standard-28 on "Impairment of Assets", the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

56. (a) The subsidiary namely, STCL Limited had appointed M/s.ICRA Management Consultant Services, to prepare a Turn-around Plan for the Company in view of its weak financial position. Based on the Report submitted by the Consultant, the Board of Directors of the subsidiary company has passed a Resolution on 18.04.2013 to take necessary steps for winding-up of the subsidiary company and to introduce a voluntary separation scheme (VSS) to employees. The union cabinet has approved in its meeting held on 13.08.2013 for winding up of STCL Limited. Accordingly the subsidiary company has filed winding up petition dated 26.11.2013 before Hon'ble High Court of Karnataka which is pending for disposal. The Subsidiary company has offered VSS to the regular employees during September 2013 out of total strength of 51 employees, 32 employees have opted for VSS.

(b) Holding company (The State Trading Corporation of India Limited) has not given any guarantee for the credit facility availed by the subsidiary company STCL.

57. In the opinion of the Management of company, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and necessary provision has been made wherever considered as doubtful.

58. In the case of subsidiary company, as full provision for doubtful debts has already been made in the previous years, no further interest income is recognised. The amounts will be recognised as income in the year of actual recovery on cash basis. The interest payable to consortium of banks and UCO Bank is ₹479.65 crore (₹409.03 crore) calculated on accrual basis is to be recovered from the business associates to whom the credit facilities were provided.

59. The Subsidiary company has filed a civil suit in 1994 against M/s.Rajesh Spices for breach of contract on supply of chillies to M/s. Kerala State Civil Supplies Corporation under back to back supply contract terms. The City Civil Court has passed a decree in favour of the subsidiary company directing M/s. Rajesh Spices to pay ₹0.34 crore (₹0.34crore) with interest @ 9% p.a. [from the date of suit i.e., June 1994 to till realisation] to subsidiary company during August 2011. The decree passed in favour of the subsidiary company has been transferred to City Civil Court, Nagpur, Maharashtra for recovery.

60. In cases, where the subsidiary company has made provision for Doubtful Debts, no further interest/additional margin of profit are recognized after they have been classified as doubtful debts. Any amount received from these parties after being classified as doubtful debts is being credited to their accounts and necessary entry for withdrawal of provisions are made. Only after the full receipts of the balance outstanding as per the books, the interest/additional margin of profit will be recognised on cash basis.

61. Disclosure as per AS 19 - LEASE (Subsidiary company)

- (a) The Steam Sterilization unit at Chhindwara which was leased out to M/s. A-Tech Engineering & Management on 30.09.2013 on OMT basis (Operate Maintain and Transfer) for a period of 5 years jointly by Spices Board and subsidiary company on a lease rent of ₹0.02 crore p.m. w.e.f. 01.11.2013 with an annual increase of 10%. A security deposit of ₹0.25 crore in the form of bank guarantee and non-refundable pre-operative deposit of ₹0.05 crore was payable to the lessor(s) as per the terms of the Lease. Due to non-performance as per the contract, the contract has been terminated vide letter dated 03.02.2015 w.e.f. 31.01.2015. The amount of bank guarantee of ₹0.25 crore has been forfeited by the Spices Board. The subsidiary company share in the bank guarantee of ₹0.25 crore and non-refundable pre-operative deposit of ₹0.05 crore has been adjusted towards lease rent.
- (b) The details of fixed assets at Steam Sterilization unit at Chhindwara as below:

Class of Assets	As on 31.03.2017		For the year 2016-17 recognised in P&L	
	Gross carrying amount	Accumulated depreciation/ Impairment	Depreciation	Impairment Loss/ (Impairment reversal)
Land	0.32	-	-	-
Factory Building	0.65	0.25	0.01	-
Plant & Machinery	3.82	3.10	0.13	-
Total	4.79	3.35	0.14	-

62. (i) Accounting treatment of Government Grants by subsidiary company :
- Government grants relating to depreciable fixed assets (capital) are treated as deferred income and the same shall be recognized in the profit & loss account on a systematic basis over the useful life of the asset.
 - Government grants relating to revenue are recognized as income in the profit and loss account over the period necessary to match with the related costs/cause which they are intended to compensate.
 - Government grants of the nature of promoters contribution is credited to capital reserve and any refunds against the contribution shall be reduced from the capital reserve.
- (ii) The value of cardamom auctions sales are considered as part of the turnover and accounted as purchases and sales accordingly by subsidiary company.
- (iii) The accounting policies followed by the Subsidiary are different from the accounting policies of the company as given below:
- The accounts of the subsidiary company are prepared based on the assumption that the subsidiary company is not a going concern due to following reasons.
- (i) The shareholder of the company in their extraordinary general meeting held on 12.09.2013 has approved winding up of the company under section 433(a) of the Companies Act, 1956.
- (ii) Department of Commerce, Ministry of Commerce and Industry vide its letter dated 26.08.2013 has conveyed approval of the Union Cabinet for winding up of the company and to offer voluntary separation scheme (VSS) to the employees.
- (iii) Accordingly the company had filed winding up petition before the Hon'ble High court of Karnataka on 26.11.2013.
- Accordingly the subsidiary company has drawn the accounts on liquidation basis i.e. assets have been revalued on realizable basis, whereas the liabilities towards the bank have been stated at book value, in view of legal cases initiated against the subsidiary company for recovery of their dues and all other liabilities at their settlement value.
 - Liability towards Post-retirement Medical benefits has not been provided by Subsidiary company and in case of gratuity, Leave encashment and Half Pay Leave are not determined on the basis of actuarial valuation. The provision for earned leave and HPL encashment of ₹0.03 crore (₹0.04 crore) is made based on salaries on the balance sheet date. In case of gratuity, Premium payable to LIC of India towards the Group Gratuity Policy under defined contribution plan is charged to expenditure every year by Subsidiary Company.
 - Interest receivables from Sundry Debtors has been recognised on cash basis by Subsidiary company.
 - The income /expense relating to prior period in the nature of errors or omissions, which does not exceed ₹15000/- in each case, is treated as Income/Expense of the current year.
 - Estimated life of Roads, Culverts, Sewerage and Water Supply System is taken as 10 years by the subsidiary company whereas the holding company is taking estimated life as 30 years.
 - The subsidiary company is maintaining residual value of relevant fixed assets at estimated realizable value whereas the same is being maintained at 5% of the original cost by the holding company.
 - Subsidiary Company depreciated tangible assets on pro-rata basis with reference to the month of acquisition/disposal whereas the same is being charged from actual date by the holding company.
- The impact of above policies is negligible hence not adjusted in consolidated financial statements.

63. Accounting for Investment in Associates & Joint Ventures :-

(Amount in ₹ Crore)

S. No.	Name of Associates and Joint Venture	Net Assets i.e. total assets minus		Share in Profit & loss	
		total liabilities As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Associates					
1.	Richfield Aquatech Ltd.	Under Liquidation			
2.	Blue Maritech Ltd.	Dormant Company			
3.	National Tannery Company Limited	Under Liquidation			
4.	Indopirin Gloves Limited	Dormant Company			
Joint Ventures					
1.	NSS Satpura Agro Development Co. Ltd.	Not Available			

(Refer note 16 & 16.1)

- 64.** Accounting policies, Schedules and Notes on accounts attached form an integral part of the accounts. Values in brackets indicate corresponding previous year figure. Where ever considered necessary, previous year figures have been rearranged/regrouped to make them comparable with those of current year.
- 65.** The figures pertaining to subsidiary company have been reclassified, where necessary, to bring them in line with the parent company's Financial Statements.

For P.JAIN & COMPANY
Chartered Accountants
FRN: 000711C

Sd/-
(RAJIV CHOPRA)
Director (Marketing) with
additional charge of CMD
DIN - 06466326

Sd/-
(S.K. SHARMA)
Director (Personnel) with
additional charge of
Director (Finance)
DIN - 06942536

Sd/-
(PANKAJ JAIN)
Partner
M. No. 097279

Sd/-
(B.R. DHAWAN)
Chief General Manager-Finance

Sd/-
(RITU ARORA)
Company secretary
FCS-5270

Place : New Delhi
Date : 30.05.2017

**MANAGEMENT REPLIES TO THE COMMENTS OF STATUTORY AUDITORS ON
THE CONSOLIDATED ACCOUNTS FOR THE YEAR 2016-17**

Comments of the Statutory Auditors	Management Replies
<p>Basis for Qualified Opinion</p> <p>(i) Reference is invited to Note no. 22.1 and 27.1, Trade receivable includes ₹1904.24 crore and other income includes interest of ₹231.93 crore booked during the current year on over dues from one of the business associates on account of goods supplied in earlier years. The dues are stated to be secured by EMD of ₹29.73 crore and personal guarantee of chairman of its holding company. Consequent upon Conciliation Agreement dated 15.11.2011 and further settlement agreement dated 17.05.2012 the entire dues were payable to the company by 10.11.2012. During the year, the Business Associate remitted an amount of ₹70.18 crore on the directions of Hon'ble Supreme Court. Considering the poor recovery, non-availability of security, dispute by party with respect to interest charged, and age of outstanding dues, interest income should not be recognized as per provisions of Accounting Standard - 9 issued by ICAI. Had the company de-recognized the interest income, net loss of current year would have been higher by ₹231.93 crore, reserve & surplus and trade receivable would have been lower by ₹231.93 crore.</p> <p>Considering the overall circumstances surrounding the recoverability of outstanding dues of ₹1904.24 crore, we are not in a position to ascertain whether the amount is fully recoverable or not. We are informed by the management that petition for execution of decree as per Conciliation Agreements under the Arbitration and Conciliation Act, 1996 has been filed before the Hon'ble Supreme Court wherein it has been held that decree is final. The party has submitted payment proposal before the Hon'ble Apex Court which is still subjudice before the Hon'ble Apex Court. Cases U/s 138 of Negotiable Instruments Act are also filed by the company before the Hon'ble High Court Delhi. The Enforcement Directorate and CBI are also investigating into the matter about cheating and fraud done by the party. We have also been provided affirmative Board Resolution that all possible efforts are extended for recovery of the dues through legal process and company is assured of recovering the dues.</p>	<p>The Conciliation Agreement has been held as final by the Hon'ble Supreme Court. Further, the Company has also initiated proceedings against the associate under Section 138 NI ACT. The associate has paid an amount of ₹841.41 crore after signing of Conciliation Agreement till May 2017 (including 70.18 crore during the financial year 2016-17). The associate on many occasions admitted their liability and also promised to pay STC the entire dues. The associate submitted its re-payment plan to STC from time to time. Since the matter is at advance stage of hearing in Hon'ble Supreme Court, the debt has been considered good and interest accrued has been considered as income during the financial year 2016-17. However, actual amount recoverable from the associate is much higher.</p>
<p>(ii) Reference is invited to Note no. 25.1, ₹7.81 crore is recoverable from HHEC and inspite of various assurances HHEC has not made the payment and in its latest letter dt. 08.02.2017, HHEC has stated that Company's position is still precarious as order position has not improved and new business visualized are not forthcoming etc. and</p>	<p>The major portion of the amount of ₹7.81 crore shown recoverable includes appx. ₹5.36 crore towards property tax out of which an amount of ₹3.50 crore (approx.) is the unpaid liability of HHEC towards property tax which STC has yet to pay and then recover from HHEC. STC has made submission to NDMC to re-assess the rateable value of JVB on various</p>

<p>HHEC has approached its Administrative Ministry for looking into matter and to extend financial support. The Company has also not obtained any balance confirmation from HHEC. Considering the above, provision should be made for the amount recoverable from HHEC. Had the company made provision of said recoverable, net loss of current year would have been higher by ₹7.81 crore, reserve & surplus and claims recoverable (current assets) would have been lower by ₹7.81 crore.</p>	<p>grounds. In the absence of any decision from NDMC, the exact liability is not ascertained. In view of above, matter is taken up with Ministry of Textiles and HHEC. Hence, no provision was made in the books of accounts.</p> <p>STC took up the matter with HHEC for confirmation of balance amount payable by them. However, no response was received. STC vide its letter dated 15.05.2017 requested HHEC to confirm the balance outstanding within 7 days, i.e. 25.05.2017 failing which it shall be deemed as confirmed.</p>
<p>(iii) Mumbai branch auditor has reported that debit balances appearing in Bhopal branch pertaining to security deposit and loans & advances of ₹0.19 crore has not been written off due to pending approval from Corporate Office. Had the company written off these balances, net loss of current year would have been higher by ₹0.19 crore, reserve & surplus and deposits and loans & advances would have been lower by ₹0.19 crore.</p>	<p>The position will be reviewed during the current financial year and action will be taken accordingly.</p>
<p>Emphasis of Matters</p> <p>a. Reference is invited to Note no. 18.1 regarding trade advance of ₹87.39 crore recoverable from one of parties against which the company has initiated legal actions including criminal proceedings. Pending outcome of legal steps initiated for recovery, full provision of ₹87.39 crore was made in earlier year. However, the company was successful in getting arbitration award of ₹110.00 crore in its favour along with 12% interest per annum from 1st May 2006 till realization of award which has been objected by the party and hearing is pending before Hon'ble High Court, New Delhi</p>	<p>STC had financed ₹124.79 Crore to an associate for purchase of old fertilizer plant from a public sector company. During the transaction, a sum of ₹37.40 crore was only recovered leaving a balance amount of ₹87.39 Crore for recovery. STC filed various court cases including arbitration proceedings against the Party. Arbitration award of ₹110 Crore plus interest was pronounced in favour of STC. The party filed objections under section 34 of Arbitration and Conciliation act, 1996 before the Hon'ble High Court, New Delhi which is pending for hearing.</p> <p>Meanwhile STC sought the details of assets of the party through Court which have since been received from the party. STC carried out valuation of the said properties. It was found that properties did not satisfy the awarded amount. STC challenged the said assets/properties as disclosed by the respondents by filing an objection petition.</p> <p>There is an arbitral award dated 14.12.2016 passed in favour of M/s MMT in its arbitration with NLC in another matter between NLC and MMT. STC has filed an application in the Delhi High Court to secure the said awarded amount in STC's favour.</p>
<p>b. Reference is invited to Note no. 19.1, regarding long term trade receivable ₹568.44 crore on account of export of pharma products to foreign buyers on back to back basis. As there is default in the payment against export bills by the buyers which have ultimately gone into liquidation, litigation process have been initiated by the Company as well as by Indian Associates and their bankers. A claim of ₹527.86 crore has been admitted by the liquidator and decree for ₹62.47 crore by Hon'ble</p>	<p>STC had exported pharmaceutical products for and on behalf of M/s. Rajat Pharmachem Ltd. to foreign buyers on back to back basis. The payment to the suppliers was to be made only upon realization of export proceeds from foreign buyers. However, the entire export proceeds could not be realized. Though, the bills of exchange were accepted by STC conditionally (subject to realization of export proceeds from foreign buyers), the associate discounted the same from their bankers against their limits. Banks have filed cases for</p>

<p>High Court Mumbai. There is however corresponding credit balance of ₹568.44 crore under trade payables. Management does not anticipate any liability on this account</p>	<p>recovery of their dues in DRTs making STC also a party to the proceedings. In one case a decree for an amount of ₹63 crore has been awarded by Mumbai High Court in favour of STC.</p> <p>STC is not out of pocket as on date and, as the transaction was on back to back basis, no liability on STC is anticipated.</p>
<p>c. Reference is invited to Note no. 19.2, regarding long term trade receivable of ₹787.65 crore under the Credit Linked Insurance Scheme (CLIS) for export of gold jewellery etc. against which corresponding credit balance of ₹342.19 crore are available, leaving net receivable of ₹445.46 crore. Actions against the Business Associate have been initiated. The matter is being pursued legally and company is hopeful of recovery. As a measure of abundant caution, full provision of ₹445.46 crore being net receivable, has been made in earlier year.</p>	<p>Under the scheme, Post Shipment Finance was taken place from Exim Bank to finance the export transaction. As per the agreement, the repatriation of the export proceeds was the responsibilities of associates. In some cases, the overseas buyers defaulted in payment, and the export proceeds was not realized. The matter is being pursued legally and company is hopeful of recovery. The matter is also under investigation by the concerned agencies. As a measure of abundant caution full provision of net receivable has been made. Under the circumstances, there is no likely hood of adverse impact on the reported figures in the financial statement. However, actual amount recoverable from the associate is much higher.</p>
<p>d. Reference is invited to Note no. 19.3, regarding long term trade receivables of ₹41.92 crore on account of export of agro commodities to foreign buyers through Indian business associates against which credit balance of ₹41.92 crore is available under trade payable. The foreign buyer defaulted in making payment and upon non-receipt of the dues from business associate; the Company has initiated necessary legal steps against business associates for recovery. Considering the legal enforceability of the agreement and corresponding credit of ₹41.92 crore, no provision is considered necessary.</p>	<p>The foreign buyer defaulted in making payment and upon non- receipt of the dues from the business associates, the company has initiated necessary legal steps for it's recovery. As corresponding credit of ₹41.92 crore is available under the back to back agreement, no provision is considered necessary. However, actual amount recoverable from the associate is much higher.</p>
<p>e. Reference is invited to Note no. 19.4, regarding long term trade receivables of ₹9.83 crore (net of provision for diminution in value of stock) recoverable from one of the business associates for goods sold in earlier years. The overdue is secured by pledge of stocks in favour of STC. Upon non-payment of overdue receivables, legal actions have been initiated against the business associate u/s 138 of Negotiable Instruments Act, 1881 and civil hearings are in progress. Another PSU company MSTC had made a claim in respect of ownership of some of the pledged stock sold by the STC to business associate. As on balance sheet date, the pledged stock has been valued at ₹9.83 crore by approved valuer and STC is awaiting further direction from Hon'ble Mumbai High Court.</p>	<p>Associate submitted four cheques valuing ₹8.62 Cr which were deposited with the bank. Consequent upon dishonoring of the same, statutory notice and criminal complaints u/s 138 of the N.I. Act were filed before MM Court, PHC which are pending. NDOH is 14.11.2017.</p> <p>Since M/s MSTC tried to take over the stocks pertaining to STC stored in the premises of M/s Conros and under the control of CWC. STC filed a declaratory suit before Panvel Court, Mumbai to declare that the stocks belonging to STC whereas, against STC order was passed by Panvel Court in favour of MSTC to take delivery of the stock.</p> <p>Against this, STC filed an appeal before Bombay High Court, who directed the Panvel Court to decide the ownership of the cargo. On last date of hearing, i.e. 04.07.17, cross examination of STC's witness was completed. Further, STC Mumbai has submitted its acceptance of valuation report of ₹9.83 Cr before the Hon'ble Panvel Court. NDOH is 15.09.2017 for appearance of e auctioning agency M- junction. However, actual amount recoverable from the associate is much higher.</p>

<p>f. Reference is invited to Note no. 19.6, regarding long term trade receivable of ₹48.57 crore due from one of the Business Associates for goods sold in earlier years. The Company has filed winding up petition which has now been transferred to NCLT Kolkata. Proceedings u/s 340 of CRPC is under progress at Balasore District Court. The business associate has paid a sum of ₹10 crore during the year and another ₹7 crore before the approval of financial statements. As a measure of abundant caution, provision of ₹41.57 crore has been made in current year.</p>	<p>STC has filed winding up petition before Cuttack High Court in Jan, 2015 which now stands transferred to company Tribunal, Kolkata in view of Govt. notification dated 15.12.2016. Same has reached NCLT, Kolkata. STC Kolkata Branch has informed C.O. about some defects in the petition, which are being rectified by Kolkata branch/local advocate.</p> <p>STC on 16.12.2015 has filed an application u/s 340 Cr. PC before Balasore District Court for initiation of appropriate proceedings in accordance with provisions of law in view of suppression of material facts and misleading the Court by M/s BAL who obtained an ex-parte injunction fraudulently. Kolkata Branch is monitoring the matter and NDOH is yet to be informed.</p>
<p>g. Reference is invited to Note no. 19.8, regarding long term trade receivable of ₹10.21 crore recoverable from MARKFED, Govt. of Maharashtra (GOM) towards supply of RBD Palmolien under PDS Scheme during the years 2010-11 and 2011-12. All amounts relating to this supply were received by the Company except the outstanding balance of ₹10.21 crore pending for final reconciliation at their end. Matter is being constantly taken up with MARKFED, Govt. of Maharashtra for recovery. As a matter of prudence, provision of ₹10.21 crore has been made in current year.</p>	<p>The matter pertaining to STC's pending claim of ₹10.21 Crore is being regularly followed-up with MARKFED, Govt. of Maharashtra. However, as a matter of prudence, provision of ₹10.21 crore has been made by STC in the financial year 2016-17.</p>
<p>h. Reference is invited to Note no. 19.9, regarding long term trade receivable of ₹122.95 crore from one of the business associate for goods sold in the earlier years which is overdue. Negotiation with a PSU for selling of the stocks, which has acquired the plant and machinery, is under progress. As a matter of prudence, full provision for ₹122.95 crore has been created during the current year.</p>	<p>Since the operation/production of the company (JCL) is under liquidation/suspended during the year, 2009, after filing of winding up petition by one/two creditors, Gujarat High Court (GHC) has appointed Official Liquidator (OL) as a custodian for the same. STC has filed its claim before the OL for ₹389.96 cr in Form 66. In addition to this, STC has also filed number of applications before the GHC to restrain OL to take control of the stocks pledged by JCL with STC and to allow STC to draw samples for chemical analysis so that STC can ultimately sell the stocks and to recover the debts. STC has filed criminal complaint in Jhagadia Court against ARCIL and ICICI Bank for breach of trust etc., the next date of which is yet to be posted by the Hon'ble Jhagadia Court. During November 2016, ARCIL filed SLP against OL & Others before Hon'ble Supreme Court against the decision of Division Bench, Gujarat High Court. On July 5th 2017, SLP was disposed off by Supreme Court. Matter relating to Application nos. 116/2015 and 276/2017 came up before Hon'ble High court Gujarat on 20.07.2017 when OL has taken adjournment for filing reply to our Application which is now fixed on 28.08.2017. However, actual amount recoverable from the associate is much higher.</p>
<p>i. Reference is invited to Note no. 19.11 regarding long term trade receivables of ₹17.28 crore recoverable from one of the business associates for goods sold in earlier</p>	<p>Although full provision of ledger balance amount of ₹17.28 Cr has been made during F.Y.16-17 but for early recovery of outstanding dues and as a matter of abundant caution and to</p>

<p>years. Criminal complaints u/s 138 of Negotiable Instruments Act, 1881 and contempt application filed before Hon'ble High Court, New Delhi are under progress against the business associate. As a matter of prudence, provision for full amount of ₹17.28 crore has been made in current year.</p>	<p>put pressure on the Associate on 07.06.17, pre-summoning evidence by STC was carried out in criminal complaint u/s. 138 of N.I. Act. PF/RC has to be filed by STC so that accused persons could be summoned. NDOH is 21.11.2017.</p> <p>-Simultaneously, two Evidences by way of Affidavit from Marketing & Finance are being filed before ICA where STC has lodged its claim of ₹69.72 Cr recoverable from the Associate. Furthermore, STC is also filing another criminal complaint before Judicial/Metropolitan Magistrate at Mumbai to order Police authorities to register FIR against the accused/associate for theft of stocks. Even the stocks of sister concern of the associate (TSPPL) valuing ₹29 Cr (approx.) (as on 19.11.16) is in the custody/control of CWC. STC has filed contempt petition before Hon'ble Delhi High Court for not adhering to their undertaking submitted before M.M. Court. STC has not accepted the offer of AMPL and the matter is now listed for 20.09.17. However, actual amount recoverable from the associate is much higher.</p>
<p>j. Reference is invited to Note no. 22.2, regarding trade receivables of ₹10.53 crore recoverable from one of the Business Associates for sale of coal. A provision of ₹3.33 crore has been made in the current year. The balance dues are secured by mortgage of free hold land. The Business Associate has undertaken to repay all dues along with interest on receipt of CDR package. The Company has filed legal and criminal case against Business Associate.</p>	<p>The part dues are secured by mortgage of free hold land after the provisioning of ₹3.33 crore made during last F.Y.</p> <p>STC has initiated process for sale of mortgaged property. M/s Comcast Steel & Power Ltd. (earlier DSL) vide their letter dated 06.03.2017 has conveyed their no objection for sale of the hypothecated property in as is whereas condition.</p> <p>Further, STC has initiated legal and criminal cases against business associate and pursuing the issues vigorously to recover outstanding dues. However, actual amount recoverable from the associate is much higher.</p>
<p>k. Reference is invited to Note no. 22.4, regarding trade receivables of ₹64.23 crore for urea supplied to Department of Fertilizers (DOF). The payments have been withheld on account of quality parameters. The matter has been taken up with DOF and DOF has referred the matter to Ministry of Law for opinion. Consequently PBG of foreign suppliers amounting to ₹20.56 crore has been invoked. The matter is being continuously pursued with DOF for immediate settlement of the issues and release of payments. In view of above, no provision is considered necessary.</p>	<p>Regarding trade receivable from DOF withheld on account of particle size variation in Urea imported in July 2015, the matter was referred to Ministry of Law (MOL) for opinion. MoL has opined that recovery of full cost is not possible and only penalty as per contract can be levied. The matter is now being referred to Committee of Secretaries (SoS).</p> <p>For Release of payments by delinking with the issue of particle size of past imports, DOF has referred the matter to Department of Expenditures (DoE). The matter has been pursued with them and on their verbal advise an undertaking to release the payment conditionally, has been submitted in DOF. Consequently, DOF has released an amount of ₹58.47 crore upto 23.08.2017. The payment of balance amount is under process. Hence, no provision is considered necessary.</p>
<p>l. Reference is invited to Note no. 45(b), regarding contingent liability of ₹88.01 crore payable to foreign supplier as per arbitral award, for which the Company has filed appeal in the Hon'ble High Court New Delhi and simultaneously lodged the claim with Ministry of Consumer Affairs as transaction was under taken on their behalf. In view of the above, no provision is considered necessary.</p>	<p>The said transaction for Import of Pulses was undertaken by STC on behalf of Ministry of Consumer Affairs. Contingent liability includes an amount of ₹88.01 Crore payable to foreign supplier as per Arbitral Award. STC has challenged the Arbitral Award in the Hon'ble Delhi High Court and has simultaneously also raised claim on Ministry of Consumer Affairs. Accordingly, no provision has been considered necessary.</p>

<p>m. Reference is invited to Note no. 45(c), regarding contingent liability of ₹74.92 crore along with interest payable to a foreign supplier on account of import of Urea in earlier years as per majority arbitration award passed in favour of foreign supplier. The company has filed an appeal against the majority arbitration award in the Hon'ble Delhi High Court. In view of above, no provision is considered necessary.</p>	<p>The matter is currently sub-judice and next date of hearing is on 10.08.2017.</p>
<p>n. Reference is invited to Note no. 47 & 48 relating to pending reconciliation/confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation.</p>	<p>Balances of debtors/creditors and liabilities are being reconciled after completion of each transaction and the accounts are settled with the associates. However, confirmation of balances in respect of debtors/creditors involving legal cases are not obtained as it may affect the legal proceedings.</p>
<p>o. Reference is invited to Note no. 62.iii.a of the notes to consolidated financial statement which states that, the accounts of the subsidiary Company are prepared based on the assumption that the Company is not going concern due to following reasons :</p> <ul style="list-style-type: none"> i The Shareholders of the subsidiary Company in their Extraordinary General Meeting held on 12.09.2013 had approved winding up of the Company under 433 (a) of the Companies Act, 1956. ii Department of Commerce, Ministry of Commerce and Industry vide its letter dated 26.08.2013 had conveyed approval of the Union Cabinet for winding up of the subsidiary Company and to offer voluntary Separation Scheme (VSS) to the Employees. iii Subsidiary Company had filed winding up petition before the Hon'ble High Court of Karnataka on 26.11.2013. Accordingly, the Subsidiary Company has drawn the accounts on liquidation basis i.e. assets have been revalued on realizable basis, whereas the liabilities towards the bank have been stated at book value, in view of legal cases initiated by the banks against the Subsidiary Company for recovery of their dues and all other liabilities at their settlement value. 	<p>The liability towards banks has not been revalued keeping in view the legal actions initiated by banks against the subsidiary company and observance of conservative approach of accounting.</p>
<p>p Reference is invited to Note no. 10.5 of the Notes to consolidated financial statements which states that, interest payable of ₹2723.60 crore on the principal amount due to the banks is arrived on the basis of the interest rates disclosed in the Debit Recovery Tribunal application filed by banks. Interest provision of ₹559.59 crore have been made by the subsidiary company for the current financial year. However no confirmation is received from the banks for interest payable.</p>	<p>As the recovery proceedings have been filed by the banks before DRT, interest rates as claimed by the banks in DRT proceedings have been applied.</p>
<p>† Reference is invited to Note no. 8.4 of Notes to consolidated financial statements which states that, the</p>	<p>Factual, no further comments.</p>

<p>total liability to banks along with interest amounting to ₹3908.85 crore is payable to consortium of seven banks and UCO Bank in respect of devolved LCs/Packing credits since 2008-09. Confirmation of outstanding interest has not been received from the banks. The Subsidiary Company has considered interest payable as claimed at the rates disclosed in their DRT application filed by UCO Bank and consortium of other Banks. Cash credit/short term loan is as per the DRT (Debt Recovery Tribunal) application filed by consortium of seven banks and UCO Bank on 20.07.2011. The above loan has been classified as NPA by consortium banks and UCO Bank. The Subsidiary Company has created pari-passu charge on current assets in favour of the banks and also surrendered the documents of immovable property situated at Chhindwara (3.239 hectares), Byadgi (5 Acres), Siddapura (2.20 acres) and Madikeri (0.50 acres) in favour of the Bankers. In view of the immovable properties of STCL given as security, an estimated amount of ₹1.83 crore out of the total advances can be considered as secured. The consortium of bank and UCO Bank have filed cases separately against the company with the DRT, wherein with regard to UCO Bank recovery case, DRT has passed an order dt. 29.09.2015 for recovery of ₹148.18 crore. However, the Subsidiary Company has challenged DRT order at DRAT Chennai. The banker have also issued notice u/s 13(2) of Securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act, 2002. Further based on the above, the bankers have issued two Possession Notices one on 26.10.2011 on Factory Land and Building located at Byadagi and another on 17.11.2011 on Factory Land and Building located at Chhindwara, Madhya Pradesh.</p>	
<p>Annexure 'A' to Independent Auditor's Report: Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")</p> <p>Basis for Qualified Opinion</p> <p>(i). Following design gap are noticed in IFCFR such as lawyer's certificate not taken in litigation cases, monitoring and record keeping of pledged/owned inventory not maintained, manual invoicing and absence of track record for invoicing, ageing analysis and reconciliation with vendors not reviewed, no policy for credit evaluation and customer acceptance, manual calculations for leaves, no HR Software, acknowledgement by the user not taken for receipt of fixed assets of required specification, compliance calendar not documented, absence of review mechanism, job responsibilities not defined, rules and regulations not</p>	<p>As per Internal Financial Control on financial reporting, reports system updation is under progress.</p> <p>The Corporate performance is reviewed from time to time in various meetings held with concerned Trading Divisional Heads at C.O. as also with Heads of Branches through Video Conferencing. Besides, legal cases and recovery cases are also reviewed from time to time. The overall performance of the Corporation and major cases of recovery are also reviewed by the Board every quarter.</p> <p>Implementation of Payroll System and linking the same with Bio-metric attendance system at the organizational level along with online Performance Management System and Leave</p>

<p>authenticated by authorized signatory, IT policy not documented, disaster management plan not documented, no data backup for divisions other than corporate accounts, data backup of accounting records not maintained for branches.</p>	<p>Management over cloud is being proposed. IT Security Policy has been drafted and is being put up for consideration of the Management. In the absence of any LAN / WAN to interconnect computers at C.O. and Branches, possibility of implementation of Back Up system on Cloud is being explored.</p>
<p>(ii). With respect to Mumbai branch of the Company, the branch auditor has reported certain material weaknesses in internal financial control over financial reporting such as inadequate- IT & general controls, internal control system with regards to pledged inventory, customer acceptance & credit evaluation, internal audit coverage, large financial exposure in litigated matters & pending statutory litigation involving tax demands, financial reporting system, delay in booking of expenses and compliance with statutory dues etc.</p>	<p>Necessary steps are being taken for strengthening Internal Financial Control System.</p>
<p>(iii). With respect to Cochin branch of the company, the branch auditor has reported that payment to cardamom planters during the period upto 08.11.2016 was made by way of bearer cheques which is against the principal of effective internal financial control.</p>	<p>The payment to Cardamom Planters are made by the Bearer Cheques as per the general practice followed in the Cardamom Trade. Payment to the Cardamom Planters under auction at Bodinayakannur is made by way of Bearer Cheques. It is coming under exemption mentioned under Rule 6DD read with Section 40A(3) of income tax act of being payment to the cultivator, grower, a producer in respect of Agricultural or Forest Produce. All the other Cardamom Auctioneers are also following the same practice of issuing the Bearer Cheques. Moreover, majority of the planters are not willing to accept any other mode of payment. Branch is effecting payment through NEFT/RTGS to those planters who have provided their account details.</p>
<p>(iv). Reference is invited to Note no. 47 & 48 relating to pending reconciliation/ confirmation of balances in parties accounts, claims recoverable, advances and current and other liabilities and consequential adjustment that may arise on reconciliation</p>	<p>Balances of debtors/creditors and liabilities are being reconciled after completion of each transaction and the accounts are settled with the associates. However, confirmation of balances in respect of debtors/creditors involving legal cases are not obtained as it may affect the legal proceedings.</p>

Sd/-
B.R. Dhawan
Chief General Manager (Finance)

Sd/-
Rooma Nagrath
General Manager (Finance)

Sd/-
Rajiv Chopra
Director (Marketing)
Additional charge of CMD
DIN 06466326

Sd/-
S. K. Sharma
Director (Personnel)
Additional charge of Dir (Finance)
DIN 06942536



THE STATE TRADING CORPORATION OF INDIA LIMITED

Regd. Office: Jawahar Vyapar Bhawan, Tolstoy Marg,
New Delhi-110001
CIN : L74899DL1956GOI002674

RE: Green Initiative In Corporate Governance: Go Paperless

Dear Shareholder,

As you may be aware, the Ministry of Corporate Affairs, as a part of the Green Initiative in Corporate Governance, vide its Circular No. 17/2011 & 18/2011 dated 21.04.2011 and 29.04.2011, has allowed paperless compliance by Companies, which may now send various notices/documents, such as Notice of General Meetings, Annual Report, etc., to its Shareholders through electronic mode at their e-mail address registered with the Company.

Your Company welcomes the spirit of this green initiative, which will reduce paper consumption to a great extent and allow Shareholders to contribute towards a Greener Environment. This will also ensure prompt receipt of communication by Shareholders and avoid their loss/misplacement in postal transit. In this backdrop, we wish to intimate/request as under:-

- (i) Shareholders holding shares in demat form may register/update their e-mail ID with their respective Depository Participants, if not already done.
- (ii) Shareholders holding shares in physical mode may submit the appended E-COMMUNICATION REGISTRATION FORM, duly filled-in, at the address indicated therein. The said form is also available for download from our website, www.stclimited.co.in. Shareholders could also submit the said form by way of fax on 011-41709881 or by e-mailing a scanned copy to admin@mcsregistrars.com.

Full text of notices/documents meant for general shareholders would also be made available on our website www.stclimited.co.in, for reference/download.

We are sure that you would appreciate the "Green Initiative" taken by MCA. We solicit your patronage and support in helping the Company to implement the e-governance initiatives of the Government. Please note, as a valued shareholder, you are always entitled to demand and receive, free of cost a printed copy of the Annual Report of the Company and all other documents.

Best Regards,

Thanking you,
Sd/-
(Ritu Arora)
Company Secretary
FCS 5270

(Please tear here)

E-COMMUNICATION REGISTRATION FORM

(Exclusively meant for Shareholders holding shares in physical form)

To,
MCS SHARE TRANSFER AGENT LIMITED
(Unit: The State Trading Corporation of India Limited)
F-65, 1st Floor,
Okhla Industrial Area, Phase-I,
New Delhi - 110020.

RE:- Green Initiative in Corporate Governance

Regd. Folio No.	
Name of 1st Registered Holder	
Name of Joint Holder/s	1.
	2.
E-mail ID to be registered	

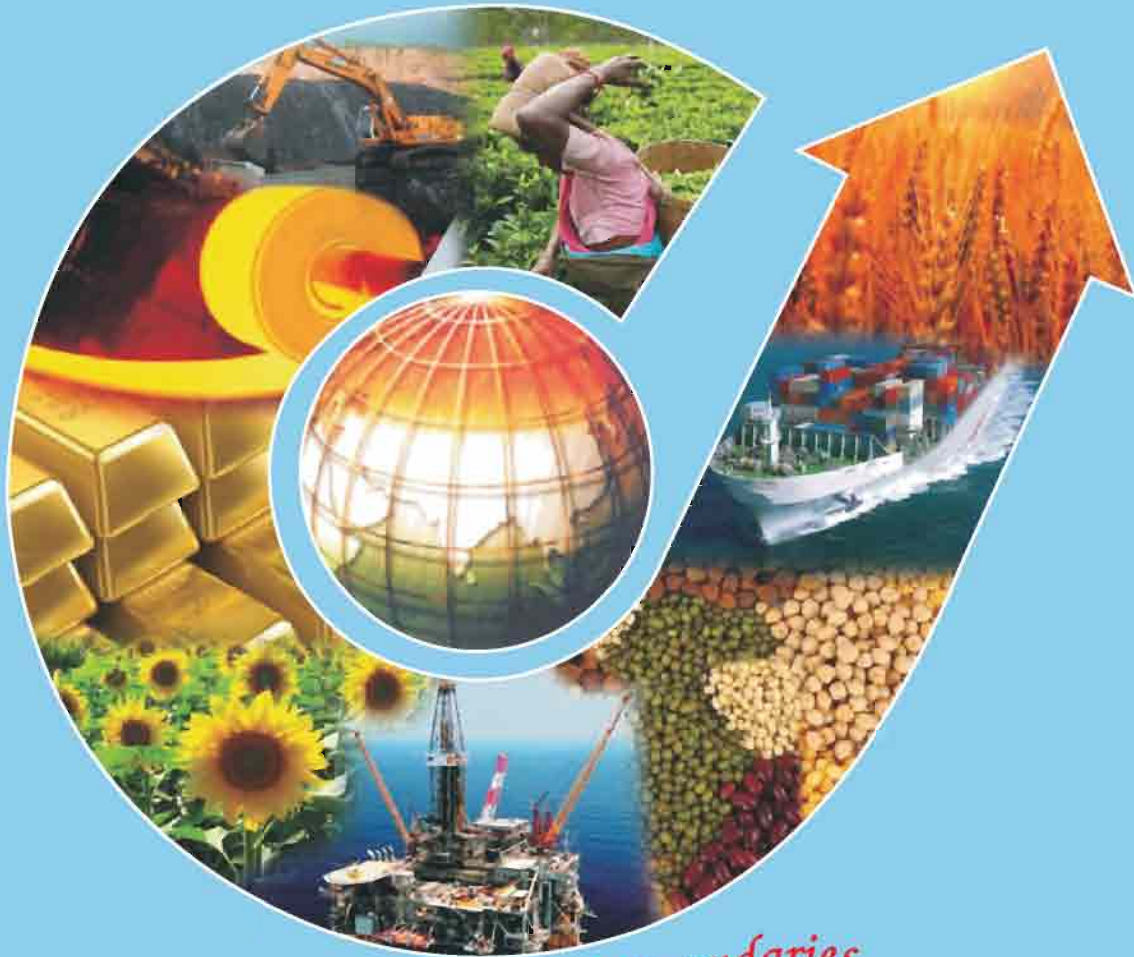
I/We, Shareholders of THE STATE TRADING CORPORATION OF INDIA LIMITED, hereby agree to receive all communications from the Company by way of an e-mail. Please register my e-mail ID in your records for sending communications through e-mail.

Date:

Signature
(First Holder)



61st Years of excellence in Global Trading



Business Beyond Boundaries

THE STATE TRADING CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)

(CIN:L74899DL1956GOI002674)

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001

Tel. No. : 011-23313177, Fax : 011-23701123, 23701191

E-mail : co@stclimited.co.in Website : www.stclimited.co.in



**THE STATE TRADING
CORPORATION OF INDIA LIMITED**
(A Government of India Enterprise)

(CIN: L74899DL1956GOI002674)
Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110 001
Tel.011-23313177 | Fax: 011-23701123, 23701191
E-mail:co@stclimited.co.in | Website: www.stclimited.co.in





Addendum to the Directors' Report **(Forming part of Annual Report 2016-17)**

C&AG's Comments and Management Replies thereto



THE STATE TRADING CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)

CIN: L74899DL1956GOI002674

Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi-110001
Telephone : 011-23313177, Fax : 011-23701123, 23701191
Email : co@stclimited.co.in | Website: www.stclimited.co.in

Addendum to the Directors' Report for the Financial Year 2016-17

COMMENTS OF C&AG

With reference to the Annual Report 2016-17 sent to the Members of the Company, the comments of Comptroller and Auditor General of India (C&AG) under Section 143(6) of the Companies Act, 2013 on the accounts of the Corporation for the year 2016-17 received on 31.08.2017 and replies of the management thereto are attached and form part of the Directors' Report for the FY 2016-17.

For and on behalf of the Board of Directors

New Delhi
Date : 06.09.2017

Sd/-
(Rajiv Chopra)
Chairman & Managing Director
(Additional Charge)
DIN : 06466326



संख्या / No. PDCA/ND/CHQ/29-29/2017-18/STC/Vol/III/530

भारतीय लेखापरीक्षा और लेखा विभाग,

कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-1, नई दिल्ली

INDIAN AUDIT & ACCOUNTS DEPARTMENT,
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-1, NEW DELHI
दिनांक / Dated: 31.08.2017

सेवा में,

अध्यक्ष एवं प्रबन्ध निदेशक,
स्टेट ट्रेनिंग कार्पोरेशन ऑफ इंडिया लिमिटेड,
जवाहर व्यापार भवन, टॉलस्टाय मार्ग,
नई दिल्ली-110001

विषय: 31 मार्च 2017 को समाप्त वर्ष हेतु स्टेट ट्रेडिंग कार्पोरेशन ऑफ इंडिया लिमिटेड के वार्षिक लेखों (Standalone Financial Statements and Consolidated Financial Statements) पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) एवं 129(4) के अन्तर्गत भारत के नियंत्रक महालेखा परीक्षक की टिप्पणियाँ।

महोदय,

मैं इस पत्र के साथ 31 मार्च 2017 को समाप्त वर्ष के लिए स्टेट ट्रेडिंग कार्पोरेशन ऑफ इंडिया लिमिटेड के वार्षिक लेखों (Standalone Financial Statements and Consolidated Financial Statements) पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) एवं 129(4) के अन्तर्गत टिप्पणियाँ अग्रेषित करता हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए और कम्पनी की वार्षिक आम सभा में उसी प्रकार रखा जाए जिस प्रकार सांविधिक लेखा परीक्षकों की लेखा परीक्षा रिपोर्ट रखी जाती है।

संलग्न: टिप्पणियाँ

भवदीय,
ह.
(नीलेश कुमार साह)
प्रधान निदेशक

तृतीय तल, ए-स्कन्ध, इन्द्रप्रस्थ भवन, इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002

3rd Floor, A-Wing, Indraprastha Bhawan, I.P. Estate, New Delhi-110002

दूरभाष / Tele.: 011-23378473, फ़ैक्स / Fax: 011-23378432, 011-23370871

E-mail: mabnewdelhi1@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the consolidated financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

(A) Comment on profitability

Statement of Profit and Loss

Profit before exceptional and extraordinary items and tax

Exceptional Items - ₹143.73 crore

This included an amount of provision of ₹66.12 crore for liability towards 25 per cent of lease rent payable to Land & Development Office for the period 2004-05 to 2015-16, in respect of STC's office building at Janpath, which has been written back in the accounts during the year. As per the Lease Agreement signed by STC with L&DO, the rent of 25 per cent surplus space of the building was payable by STC to L&DO. STC, however stopped making payment after 2003-04 and requested STC (February 2008, August 2008 and March 2016) that since the land was allotted to STC on 'commercial rates' the clause of sharing of 25 per cent of rent, may be deleted retrospectively and the amount paid so far, towards 25 per cent of share of rent, may be adjusted by L&DO against the charges required to be paid by STC for executing the perpetual lease deed. The L&DO, however, did not respond/agree to the above contention and was demanding the amount of 25 per cent of the lease rent from STC.

Thus write back of the liability by STC unilaterally, without any change in the terms and conditions of the existing lease agreement with L&DO, has resulted in overstatement of 'Exceptional Item - Income' by ₹66.12 crore and understatement of 'Liabilities' as well as 'Loss for the year' each to the same extent.

Sd/-

For and on behalf of the
Comptroller and Auditor General of India
(Neelesh Kumar Sah)
Principal Director of Commercial Audit
& Ex-officio Member Audit Board-I,
New Delhi

Place: New Delhi

Dated: 31 August 2017

**MANAGEMENT'S REPLIES TO THE COMMENTS OF COMPTROLLER
& AUDITOR GENERAL OF INDIA ON STANDALONE FINANCIAL STATEMENTS**

C&AG COMMENTS	MANAGEMENT REPLIES
<p>A. Comments on profitability statement of Profit and Loss Profit before exceptional and extraordinary items and tax Exceptional Items - ₹143.73 crore.</p> <p>This included an amount of provision of ₹66.12 crore for liability towards 25 per cent of lease rent payable to Land & Development Office for the period 2004-05 to 2015-16, in respect of STC's office building at Janpath, which has been written back in the accounts during the year. As per the lease agreement signed by STC with L&DO, the rent of 25 per cent surplus space of the building was payable by STC to L&DO. STC, however, stopped making payment after 2003-04 and requested STC (February 2008, August 2008 and March 2016) that since the land was allotted to STC on 'commercial rates' the clause of sharing of 25 per cent of rent may be deleted retrospectively and the amount paid so far, towards 25 per cent of share of rent, may be adjusted by L&DO against the charges required to be paid by STC for executing the perpetual lease deed. The L&DO, however, did not respond/agree to the above contention and was demanding the amount of 25 per cent of the lease rent from STC.</p> <p>Thus, write back of the liability by STC unilaterally, without any change in the terms and conditions of the existing lease agreement with L&DO, has resulted in overstatement of 'Exceptional Items - Income' by ₹66.12 crore and understatement of 'Liabilities' as well as 'Loss for the year' each to the same extent.</p>	<p>Vide Agreement for Lease dated 5th December, 1975 STC was allotted ₹2.599 acres of land on Janpath, New Delhi. The plot was allotted to STC at the commercial rate of ₹1,000/- per square yard for construction of a building for the offices of STC and its subsidiaries.</p> <p>Till the year 2003-04, STC had made payment of ₹20.09 crores as 25% of the rent fetched. As STC had made the payment for the land on "commercial rates", and not on "Concessional/Institutional rate" of ₹600/- per square yard, STC stopped making the payment of 25% of rent after 2003-04, when this fact came to the knowledge of STC. The matter was taken up with L&DO vide various letters, however, L&DO has not responded so far inspite of regular follow up.</p> <p>During the current financial year STC received a demand from NDMC towards Property tax. As per judgement of Honourable Supreme Court verdict dated 03.02.2016 amount paid to L&DO will be allowed as deduction by NDMC while calculating Property tax dues. Since STC had not paid the L&DO charges after 2003-04 the same was not considered in the calculations and NDMC assessed the property tax without giving any rebate on this account and accordingly, the additional liability of ₹69.13 crore (STC's share from ₹80.02 crore) ascertained by NDMC upto 31.3.2017 has been booked in current year Statement of Profit and Loss.</p> <p>In view of the above, the provision towards L&DO charges was written back in current financial year.</p>

Sd/-
B.R. Dhawan
Chief General Manager (Finance)

Sd/-
Rajiv Chopra
Director (Marketing)
Additional charge of CMD
DIN 06466326

Sd/-
Roopa Nagrath
General Manager (Finance)

Sd/-
S. K. Sharma
Director (Personnel)
Additional charge of Dir (Finance)
DIN 06942536

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE STATE TRADING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of consolidated financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointment by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of The State Trading Corporation of India Limited for the year ended 31 March 2017. We conducted a supplementary audit of the financial statements of The State Trading Corporation of India Limited but did not conduct supplementary audit of the financial statements of subsidiaries, associate companies and jointly controlled entities as per the list annexed for the year ended on that date. Further, section 139(5) and 143(6)(b) of the Act are not applicable to associate and joint ventures being private entities as per the list annexed for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed the statutory auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matter under section 143(6)(b) read with section 129(4) of the At which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comment on Consolidated profitability

Statement of Profit and loss

Profit before exceptional and extraordinary items and tax Exceptional Items - ₹144.05 crore

This included an amount of provision of ₹66.12 crore for liability towards 25 per cent of lease rent payable to Land & Development Office for the period 2004-05 to 2015-16, in respect of STC's office building at Janpath, which has been written back in the accounts during the year. As per the Lease Agreement signed by STC with L&DO, the rent of 25 per cent surplus space of the building was payable by STC to L&DO. STC, however, stopped making payment after 2003-04 and requested STC (February 2008, August 2008 and March 2016) that since the land was allotted to STC on 'commercial rates' the clause of sharing of 25 per cent of rent may be deleted retrospectively and the amount paid so far, towards 25 per cent of share of rent, may be adjusted by L&DO against the charges required to be paid by STC for executing the perpetual lease deed. The L&DO, however, did not respond/agree to the above contention and was demanding the amount of 25 per cent of the lease rent from STC.

Thus write back of the liability by STC unilaterally, without any change in the terms and conditions of the existing lease agreement with L&DO, has resulted in overstatement of 'Exceptional Items - Income' by ₹66.12 crore and understatement of 'Liabilities' as well as 'Loss for the year' each to the same extent.

B. Comment on Auditor's Report

Annexure - A to Auditors' report

The facts related to a case of conspiracy, cheating, fraud and misrepresentation of stock during the year 2004 to 2016 by a business associate having outstanding balance of ₹1904.24 crore, reported vide item 10 of Annexure 'A' to the Auditors' Report on standalone financial statements, have not been included in the Auditors Report on Consolidated Financial Statements. As per provisions of Accounting Standard 21 'Consolidated Financial Statements', the amount involved being material the fact should have been included in the Auditors Report on Consolidated Financial Statements also.

Sd/-

For and on behalf of the
Comptroller and Auditor General of India
(Neelesh Kumar Sah)

Principal Director of Commercial Audit
& Ex-officio Member Audit Board-I,

New Delhi

Place: New Delhi

Dated: 31 August 2017

Details of Subsidiaries, Associate companies and Joint Ventures.

Name of Subsidiary	
STCL Limited	Non-Review Certificate issued
Name of Associates	
Richfield Aquatech Ltd.	Under Liquidation
Blue Maritech Ltd.	Dormant Company
National Tannery Company Ltd.	Under Liquidation
Indopirin Gloves Limited	Dormant Company
Name of Joint Ventures	
NSS Satpura Agro Development Co. Ltd.	Accounts not available.

**MANAGEMENT'S REPLIES TO THE COMMENTS OF COMPTROLLER
& AUDITOR GENERAL OF INDIA ON CONSOLIDATED FINANCIAL STATEMENT**

C&AG COMMENTS	MANAGEMENT REPLIES
<p>A. Comments on Consolidated profitability statement of Profit and Loss Profit before exceptional and extraordinary items and tax</p> <p>Exceptional Items - ₹144.05 crore.</p> <p>This included an amount of provision of ₹66.12 crore for liability towards 25 per cent of lease rent payable to Land & Development Office for the period 2004-05 to 2015-16, in respect of STC's office building at Janpath, which has been written back in the accounts during the year. As per the lease agreement signed by STC with L&DO, the rent of 25 per cent surplus space of the building was payable by STC to L&DO. STC, however, stopped making payment after 2003-04 and requested STC (February 2008, August 2008 and March 2016) that since the land was allotted to STC on 'commercial rates' the clause of sharing of 25 per cent of rent may be deleted retrospectively and the amount paid so far, towards 25 per cent of share of rent, may be adjusted by L&DO against the charges required to be paid by STC for executing the perpetual lease deed. The L&DO, however, did not respond/agree to the above contention and was demanding the amount of 25 per cent of the lease rent from STC.</p> <p>Thus, write back of the liability by STC unilaterally, without any change in the terms and conditions of the existing lease agreement with L&DO, has resulted in overstatement of 'Exceptional Items - Income' by ₹66.12 crore and understatement of 'Liabilities' as well as 'Loss for the year' each to the same extent.</p>	<p>Vide Agreement for Lease dated 5th December, 1975 STC was allotted ₹2.599 acres of land on Janpath, New Delhi. The plot was allotted to STC at the commercial rate of ₹1,000/- per square yard for construction of a building for the offices of STC and its subsidiaries.</p> <p>Till the year 2003-04, STC had made payment of ₹20.09 crores as 25% of the rent fetched. As STC had made the payment for the land on "commercial rates", and not on "Concessional/ Institutional rate" of ₹600/- per square yard, STC stopped making the payment of 25% of rent after 2003-04, when this fact came to the knowledge of STC. The matter was taken up with L&DO vide various letters, however, L&DO has not responded so far inspite of regular follow up.</p> <p>During the current financial year STC received a demand from NDMC towards Property tax. As per judgement of Honourable Supreme Court verdict dated 03.02.2016 amount paid to L&DO will be allowed as deduction by NDMC while calculating Property tax dues. Since STC had not paid the L&DO charges after 2003-04 the same was not considered in the calculations and NDMC assessed the property tax without giving any rebate on this account and accordingly, the additional liability of ₹69.13 crore (STC's share from ₹80.02 crore) ascertained by NDMC upto 31.3.2017 has been booked in current year Statement of Profit and Loss.</p> <p>In view of the above, the provision towards L&DO charges was written back in current financial year.</p>
<p>B. Comment on Auditor's Report Annexure - A to Auditor's report</p> <p>The facts related to a case of conspiracy, cheating, fraud and misrepresentation of stock during the year 2004 to 2016 by a business associate having outstanding balance of ₹1904.24 crore, reported vide item 10 of Annexure 'A' to the Auditors' Report on standalone financial statements, have not been included in the Auditors Report on Consolidated Financial Statements. As per provisions of Accounting Standard 21 'Consolidated Financial Statements, the amount involved being material the fact should have been included in the Auditors Report on Consolidated Financial Statements also.</p>	<p>The facts related to case of conspiracy, cheating, fraud and misrepresentation of stock during the year 2004 to 2016 by a business associate having outstanding balance of ₹1904.24 crore has already been reported in Para (i) of basis for qualified opinion in the Auditor's Report on Consolidated Financial Statements. The relevant extracts are reproduced as under:</p> <p>"The Enforcement Directorate and CBI are also investigating into the matter about cheating and fraud done by the Party.....".</p> <p>However, regarding disclosure at Annexure - A to Auditor's report, the same is not required in case of consolidated financial statements as per proviso to Point 2 of MCA order dated 29.03.2016.</p>

Sd/-
B.R. Dhawan
Chief General Manager (Finance)

Sd/-
Rajiv Chopra
Director (Marketing)
Additional charge of CMD
DIN 06466326

Sd/-
Rooma Nagrath
General Manager (Finance)

Sd/-
S. K. Sharma
Director (Personnel)
Additional charge of Dir (Finance)
DIN 06942536